LEAP WIRELESS INTERNATIONAL INC
Form S-1
June 30, 2005

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As filed with the Securities and Exchange Commission on June 30, 2005

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

LEAP WIRELESS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**4812**	**33-0811062**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

10307 Pacific Center Court

San Diego, CA 92121
(858) 882-6000
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

S. Douglas Hutcheson

Chief Executive Officer
Leap Wireless International, Inc.
10307 Pacific Center Court
San Diego, CA 92121
(858) 882-6000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies To:

Barry M. Clarkson, Esq.

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12636 High Bluff Drive, Suite 400
San Diego, CA 92130
(858) 523-5400

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. þ

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, par value $.0001 per share	17,198,252 shares	$27.36	$470,544,174.72	$55,383.05

(1) Calculated pursuant to Rule 457(c) of the rules and regulations under the Securities Act with respect to common stock to be sold by selling stockholders based on the average of the high and low sale prices of our common stock reported on the OTC Bulletin Board on June 24, 2005.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 30, 2005

PROSPECTUS

17,198,252 Shares

LEAP WIRELESS INTERNATIONAL, INC.

Common Stock

This prospectus relates to up to 17,198,252 shares of our common stock, par value $0.0001 per share, which may be offered for sale from time to time by the selling stockholders named in this prospectus. The shares of common stock may be sold at fixed prices, prevailing market prices at the times of sale, prices related to the prevailing market prices, varying prices determined at the times of sale or negotiated prices. The shares of common stock offered by this prospectus and any prospectus supplement may be offered by the selling stockholders directly to investors or to or through underwriters, dealers or other agents. We will not receive any of the proceeds from the sale of the shares of common stock sold by the selling stockholders. We will bear all expenses of the offering of common stock, except that the selling stockholders will pay any applicable underwriting fees, discounts or commissions and transfer taxes.

Our common stock is listed for trading on the Nasdaq National Market, under the symbol LEAP. On June 29, 2005, the last reported sale price of our common stock on the Nasdaq National Market was $28.25 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page 4.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2005

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ABOUT THIS PROSPECTUS

This prospectus is part of a resale registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. The selling stockholders may offer and sell, from time to time, an aggregate of up to 17,198,252 shares of our common stock under the prospectus. In some cases, the selling stockholders will also be required to provide a prospectus supplement containing specific information about the selling stockholders and the terms on which they are offering and selling our common stock. We may also add, update or change in a prospectus supplement any information contained in this prospectus. You should read this prospectus and any accompanying prospectus supplement, as well as any post-effective amendments to the registration statement of which this prospectus is a part, together with the additional information described under Where You Can Find More Information before you make any investment decision.

You should rely only on the information contained in this prospectus. Neither we nor the selling stockholders have authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock.

As used in this prospectus, the terms we, our, ours and us refer to Leap Wireless International, Inc., a Delaware corporation and its subsidiaries, unless the context suggests otherwise. Leap refers to Leap Wireless International, Inc., and Cricket refers to Cricket Communications, Inc. Cricket and its subsidiaries are collectively referred to herein as the Cricket Companies.

MARKET AND INDUSTRY DATA

This prospectus includes estimates regarding market data, which are based on our internal estimates, independent industry publications, reports by market research firms and/or other published independent sources. In each case, we believe these estimates are reasonable. However, market data is subject to change and cannot always be verified with complete certainty due to limitations and uncertainties inherent in any statistical survey of market data. As a result, you should be aware that market data set forth herein, and estimates and beliefs based on such data, may not be reliable. Unless otherwise specified, information relating to population and potential customers, or POPs, is based on 2005 population estimates provided by Claritas Inc.

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus and does not contain all the information that you should consider before buying shares in this offering. You should read the entire prospectus carefully, especially Risk Factors and the financial statements and notes, before deciding to invest in shares of our common stock.

Our Company

Leap Wireless International, Inc., or Leap, together with its wholly owned subsidiaries, is a wireless communications carrier that offers digital wireless service in the United States of America under the brand Cricket® . Leap conducts operations through its subsidiaries; Leap has no independent operations or sources of operating revenue other than through dividends and distributions, if any, from its operating subsidiaries. Cricket service is operated by Leap s wholly owned subsidiary, Cricket Communications, Inc. (Cricket). Leap, Cricket and their subsidiaries are collectively referred to in this prospectus as the Company.

Leap was formed in 1998 by Qualcomm Incorporated, or Qualcomm. Qualcomm distributed the common stock of Leap in a spin-off distribution to Qualcomm s stockholders in September 1998. Under a license from Leap, the Cricket service was first introduced in Chattanooga, Tennessee in March 1999 by Chase Telecommunications, Inc., a company that Leap acquired in March 2000.

On April 13, 2003, or the Petition Date, Leap, Cricket and substantially all of their subsidiaries filed voluntary petitions for relief under Chapter 11 in the U.S. Bankruptcy Court for the Southern District of California, or the Bankruptcy Court. Our Fifth Amended Joint Plan of Reorganization, or Plan of Reorganization, was confirmed by the Bankruptcy Court on October 22, 2003. On August 5, 2004, all material conditions to the effectiveness of our Plan of Reorganization were resolved and, on August 16, 2004, the Plan of Reorganization became effective. On that date, Leap, Cricket and each of their subsidiaries that filed for Chapter 11 relief emerged from bankruptcy. In connection with the Plan of Reorganization, a new Board of Directors of Leap was appointed, Leap s previously issued stock, options and warrants were cancelled, and Leap issued 60 million shares of new Leap common stock for distribution to two classes of creditors. For a description of our bankruptcy proceedings, see Business Chapter 11 Proceedings Under the Bankruptcy Code below.

Cricket Business Overview

We conduct our business primarily through Cricket. Cricket provides mobile wireless services targeted to meet the needs of customers who are under-served by traditional communications companies. Cricket operates in 39 markets in 20 states stretching from New York to California. At March 31, 2005, we had approximately 1,615,000 customers and the total potential customer base covered by our networks in our 39 operating markets was approximately 26.7 million.

In May 2005, a wholly owned subsidiary of Cricket acquired from the FCC four wireless licenses covering approximately 11.1 million potential customers, after being named the winning bidder for such licenses in the FCC s Auction #58. We currently expect to build out and launch commercial operations in the markets covered by these licenses and are developing plans for such build-outs. In addition, a subsidiary of Alaska Native Broadband 1, LLC, an entity in which we own a 75% non-controlling interest and which is referred to in this prospectus as ANB 1, was the winning bidder in Auction #58 for nine wireless licenses covering approximately 10.1 million potential customers. The transfers of these wireless licenses to ANB 1 s subsidiary are subject to FCC approval. Although we expect that such approvals will be issued in the normal course, we cannot assure you that the FCC will grant such approvals.

In March 2005, subsidiaries of Leap signed an agreement to sell 23 operating and non-operating wireless licenses and substantially all of the operating assets in our Michigan markets for up to $102.5 million. We have not launched commercial operations in most of the markets covered by the licenses to be sold. Completion of the transaction is subject to FCC approval and other customary closing conditions. On June 22, 2005, the FCC granted its approval of the transaction. The FCC s approval may be subject to reconsideration or review

until August 8, 2005. Although we expect to satisfy the closing conditions, we cannot assure you that such conditions will be satisfied. If this sale is completed, we would own wireless licenses covering approximately 60.2 million potential customers, including the licenses we acquired in Auction #58 and the license we recently acquired in Fresno, California.

Our service allows customers to make and receive virtually unlimited calls within a local calling area and receive virtually unlimited calls from any area for a flat monthly rate. Cricket customers may sign up for additional feature packages and may also make long distance calls on a per-minute basis or as part of packaged offerings. In addition to our basic Cricket service, we also offer a plan that bundles domestic long distance at a higher price. Additionally, we offer a premium plan, which includes virtually unlimited local and domestic long distance service, and virtually unlimited use of multiple calling features and messaging services for a flat rate. We also offer a plan that provides discounts on additional lines of service that are added to an existing qualified account.

Our business model is different from most other wireless cellular and PCS business models. Most other wireless cellular and PCS service providers offer consumers a complex array of rate plans that typically include additional charges for minutes above a set maximum. This approach may result in monthly service charges that are higher than their customers expect. We have designed the Cricket service to appeal to consumers who value virtually unlimited mobile calling with a predictable monthly bill, and who make the majority of their calls from within their local areas. We recently introduced an away-from-home calling option (roaming) for our customers who occasionally travel away from their home calling area.

Commencing in the second quarter of 2004, we began upgrading our networks to permit us to offer our customers a number of additional features to enhance the Cricket service. These enhancements, which are now available in most of our markets, include games and applications that utilize the BREW (a registered trademark of Qualcomm) handset application software platform, improved data services, and customized ringtones. Early in 2005, we expanded our available international long distance destinations to many additional countries and enhanced our product portfolio by adding instant messaging and multimedia (picture) messaging.

In addition, in March 2005, we launched our first per-minute prepaid service, Jump™ by Cricket, to bring Cricket s value proposition to customers who prefer active control over their wireless usage. Our Jump service allows customers to place local as well as domestic and international long distance calls to more than 70 countries at per-minute costs that are among the lowest in the industry. Unlike most other prepaid wireless offerings, Cricket s Jump service prepaid customers can also receive free unlimited inbound calls as long as there is a balance in their prepaid account. Jump service prepaid customers also receive voicemail, caller ID, call waiting, and three-way calling at no additional charge.

Our business strategy is to attract new customers by removing the price and complexity barriers that we believe have prevented many potential customers from using wireless service. Our offerings combine high quality service in simple packages at highly competitive prices that provide a high value/low price proposition for customers. To become one of the lowest cost providers in the industry, we minimize our capital costs by engineering high-quality, efficient networks that cover only the urban and suburban areas of our markets where most of our potential customers live, work and play, and reduce our general operating costs through streamlined billing procedures and operations and the control of customer care expenses. We have deployed numerous state-of-the-art CDMA networks that deliver high capacity and outstanding quality and that can be easily upgraded to support enhanced capacity.

Corporate Information

Our principal executive offices are located at 10307 Pacific Center Court, San Diego, California 92121, and our telephone number at that address is (858) 882-6000. Our principal website is located at *www.leapwireless.com.* The information contained in, or that can be accessed through, our website is not part of this prospectus.

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Cricket® is a U.S. registered trademark of Cricket Communications, Inc. Jump™ by Cricket is a trademark of Cricket Communications, Inc. All other trademarks and trade names appearing in this prospectus are the property of their respective holders.

The Offering

Common stock offered by the selling stockholders	17,198,252 shares
Common stock outstanding before offering	60,806,423 shares
Common stock outstanding after the offering	60,806,423 shares
Use of Proceeds	We will not receive any proceeds from this offering.
Registration Rights	We have agreed to use all reasonable efforts to keep the shelf registration statement, of which this prospectus forms a part, effective and current until the date that all of the shares of common stock covered by this prospectus may be freely traded without the effectiveness of such registration statement.
Trading	Our common stock is listed for trading on the Nasdaq National Market under the symbol LEAP.
Risk Factors	See Risk Factors and the other information in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in our common stock.

The outstanding share information shown above is based on our shares outstanding as of June 29, 2005, and this information excludes:

- 600,000 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of $16.83;
- 1,406,121 shares of common stock reserved for issuance upon the exercise of outstanding stock options at a weighted average exercise price of $26.50;
- 246,484 shares of common stock reserved for issuance upon the exercise of outstanding deferred stock units, which units generally vest on August 15, 2005 with an exercise price of $0.0001 per share; and
- an aggregate of 2,340,972 shares of common stock available for future issuance under our 2004 Stock Option, Restricted Stock and Deferred Stock Unit Plan.

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RISK FACTORS

You should consider carefully the following information about the risks described below, together with the other information contained in this prospectus before you decide to buy the common stock offered by this prospectus. If any of the following risks actually occurs, our business, financial condition, results of operations and future growth prospects would likely be materially and adversely affected. In these circumstances, the market price of our common stock could decline, and you may lose all or part of the money you paid to buy our common stock.

Risks Related to Our Business and Industry

We have experienced net losses, and we may not be profitable in the future.

We experienced losses of $8.6 million and $49.3 million (excluding reorganization items, net) for the five months ended December 31, 2004 and the seven months ended July 31, 2004, respectively. In addition, we experienced net losses of $597.4 million for the year ended December 31, 2003, $664.8 million for the year ended December 31, 2002, $483.3 million for the year ended December 31, 2001, and $0.2 million for the year ended December 31, 2000. We may not generate profits in the future on a consistent basis, or at all. If we fail to achieve consistent profitability, that failure could have a negative effect on our financial condition and on the value of the common stock of Leap.

We face increasing competition which could have a material adverse effect on demand for the Cricket service.

In general, the telecommunications industry is very competitive. Some competitors have announced rate plans substantially similar to the Cricket service plan (and have also introduced products that consumers perceive to be similar to Cricket s service plan) in markets in which we offer wireless service. In addition, the competitive pressures of the wireless telecommunications market have caused other carriers to offer service plans with large bundles of minutes of use at low prices which are competing with the predictable and virtually unlimited Cricket calling plans. Some competitors also offer prepaid wireless plans that are being advertised heavily to demographic segments that are strongly represented in Cricket s customer base. These competitive offerings could adversely affect our ability to maintain our pricing and market penetration. Our competitors may attract more customers because of their stronger market presence and geographic reach. Potential customers may perceive the Cricket service to be less appealing than other wireless plans, which offer more features and options.

We compete as a mobile alternative to landline service providers in the telecommunications industry. Wireline carriers have begun to advertise aggressively in the face of increasing competition from wireless carriers, cable operators and other competitors. Wireline carriers are also offering unlimited national calling plans and bundled offerings that include wireless and data services. We may not be successful in our efforts to persuade potential customers to adopt our wireless service in addition to, or in replacement of, their current landline service.

Many competitors have substantially greater financial and other resources than we have, and we may not be able to compete successfully. Because of their size and bargaining power, our larger competitors may be able to purchase equipment, supplies and services at lower prices than we can. As consolidation in the industry creates even larger competitors, any purchasing advantages our competitors have may increase.

We may not be successful in increasing our customer base which would force us to change our business plans and financial outlook and would likely negatively affect the price of our stock.

Our growth on a quarter by quarter basis has varied substantially in the recent past. In the first quarter of 2003, we gained approximately 1,000 net customers but we lost approximately 54,000 net customers in the second quarter of 2003. Net customers increased by approximately 18,000 in the third quarter of 2003, but decreased by approximately 4,000 during the fourth quarter of 2003. During the first and second quarters of 2004, we experienced a net increase of approximately 65,700 customers and 9,000 customers, respectively, but

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lost approximately 8,000 net customers in the third quarter of 2004. During the fourth quarter of 2004 and the first quarter of 2005, we gained approximately 30,000 net customers and approximately 45,000 net customers, respectively. We believe that this uneven growth over the last several quarters generally reflects seasonal trends in customer activity, promotional activity, the competition in the wireless telecommunications market, our attenuated spending on capital investments and advertising while we were in bankruptcy, and varying national economic conditions. Our current business plans assume that we will increase our customer base over time, providing us with increased economies of scale. If we are unable to attract and retain a growing customer base, we would be forced to change our current business plans and financial outlook and there would likely be a material negative affect on the price of our common stock.

We have identified material weaknesses in our internal control over financial reporting, and our business and stock price may be adversely affected if we do not remediate these material weaknesses, or if we have other material weaknesses in our internal control over financial reporting.

Following publication of a letter regarding accounting for leases issued by the Office of the Chief Accountant of the U.S. Securities and Exchange Commission on February 7, 2005, we reviewed our accounting for leases, including our site retirement and remediation obligations. As a result of this review, and in connection with preparing for our annual audit, we identified accounting errors in our unaudited interim financial statements included in the Company s Quarterly Report on Form 10-Q for the three months ended September 30, 2004. As more fully described in Note 2 to our audited annual consolidated financial statements included in this prospectus, our management and Audit Committee concluded that the Company s unaudited interim financial statements for the one and seven month periods ended July 31, 2004 and the two month period ended September 30, 2004 should be restated to correct these accounting errors.

According to the PCAOB s Auditing Standard No. 2, An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements, restatement of financial statements in prior filings with the SEC is a strong indicator of the existence of a material weakness in internal control over financial reporting. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

In connection with their evaluation of our disclosure controls and procedures, our CEO and CFO concluded that certain material weaknesses in our internal control over financial reporting existed as of December 31, 2004 and as of March 31, 2005 with respect to turnover and staffing levels in our accounting and financial reporting departments (arising in part in connection with the Company s now completed bankruptcy proceedings), the application of lease-related accounting principles, fresh-start reporting oversight, and account reconciliation procedures. As a result of these material weaknesses, our CEO and CFO concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2004 and as of March 31, 2005. We are actively recruiting additional qualified accounting staff, further automating our revenue and inventory processes, upgrading certain of our other systems, and implementing additional reconciliation procedures to address these weaknesses. For a description of these material weaknesses and the steps we are undertaking to remediate these material weaknesses, see Item 4. Controls and Procedures contained in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005. The existence of one or more material weaknesses could result in errors in our financial statements, and substantial costs and resources may be required to rectify any internal control deficiencies. If we cannot produce reliable financial reports, investors could lose confidence in our reported financial information, the market price of our stock could decline significantly, we may be unable to obtain additional financing to operate and expand our business, and our business and financial condition could be harmed.

If our internal control over financial reporting does not comply with the requirements of the Sarbanes-Oxley Act of 2002, our business and stock price may be adversely affected.

Section 404 of the Sarbanes-Oxley Act of 2002 requires companies to do a comprehensive evaluation of their internal control over financial reporting. To comply with this statute, we will be required to document and test our internal control over financial reporting; our management will be required to assess and issue a report

concerning our internal control over financial reporting; and our independent auditors will be required to attest to and report on management s assessment. Reporting on our compliance with Section 404 of the Sarbanes-Oxley Act will first be required in connection with the filing of our Annual Report on Form 10-K for the fiscal year ending December 31, 2005. We have been conducting a rigorous review of our internal control over financial reporting in order to become compliant with the requirements of Section 404. However, the standards that must be met for management to assess our internal control over financial reporting are new and require significant documentation and testing. Our assessment may identify the need for remediation of our internal control over financial reporting. We recently concluded that certain material weaknesses existed in our internal control over financial reporting. See Item 4. Controls and Procedures in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005. If management cannot favorably assess the effectiveness of our internal control over financial reporting as of December 31, 2005, or if our auditors cannot timely attest to management s assessment or if they identify material weaknesses in our internal control over financial reporting as of December 31, 2005, investors could lose confidence in our reported financial information, the market price of our stock could decline significantly, we may be unable to obtain additional financing to operate and expand our business, and our business and financial condition could be harmed.

If we experience high rates of customer turnover or credit card subscription or dealer fraud, our ability to become profitable will decrease.

Customer turnover, frequently referred to as churn, is an important business metric in the telecommunications industry because it can have significant financial effects. Because we do not require customers to sign long-term commitments or pass a credit check, our service is available to a broader customer base than many other wireless providers and, as a result, some of our customers may be more likely to have their service terminated due to an inability to pay than the average industry customer. In addition, our rate of customer turnover may be affected by other factors, including the size of our calling areas, handset issues, customer care concerns, number portability and other competitive factors. Our strategies to address customer turnover may not be successful. A high rate of customer turnover would reduce revenues and increase the total marketing expenditures required to attract the minimum number of replacement customers required to sustain our business plan, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

Our operating costs can also increase substantially as a result of customer credit card and subscription fraud and dealer fraud. We have implemented a number of strategies and processes to detect and prevent efforts to defraud us, and we believe that our efforts have substantially reduced the types of fraud we have identified. However, if our strategies are not successful in detecting and controlling fraud in the future, it would have a material adverse impact on our financial condition and results of operations.

Our primary business strategy may not succeed in the long term.

A major element of our business strategy is to offer consumers a service that allows them to make virtually unlimited calls within their Cricket service area and receive unlimited calls from any area for a flat monthly rate without entering into a long-term service commitment or passing a credit check. This strategy may not prove to be successful in the long term. From time to time, we also evaluate our service offerings and the demands of our target customers and may modify, change or adjust our service offerings or offer new services. We cannot assure you that these service offerings will be successful or prove to be profitable.

Our indebtedness could adversely affect our financial health, and if we fail to maintain compliance with the covenants under our senior secured credit facilities, any such failure could materially adversely affect our liquidity and financial condition.

As of May 31, 2005, we had approximately $499 million of outstanding indebtedness and, to the extent we raise additional capital in the future, we expect to obtain much of such capital through debt financing. This existing indebtedness bears interest at a variable rate, but we have entered into interest rate swap agreements

with respect to $250 million of our debt which mitigates the interest rate risk. Our present and future debt financing could have important consequences. For example, it could:

- Increase our vulnerability to general adverse economic and industry conditions;
- Require us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- Limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- Reduce the value of stockholders investments in Leap because debt holders have priority regarding our assets in the event of a bankruptcy or liquidation.

In addition, the Credit Agreement governing our senior secured credit facilities contains restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. The Credit Agreement also contains various affirmative and negative covenants, including covenants that require us to maintain compliance with certain financial leverage and coverage ratios. Our failure to comply with any of these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all of our debt. Any such acceleration would have a material adverse affect on our liquidity and financial condition and on the value of the common stock of Leap. Our failure to timely file our Annual Report on Form 10-K for the year ended December 31, 2004 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 constituted defaults under the Credit Agreement. Although we were able to obtain a limited waiver of these defaults, we cannot assure you that we will be able to obtain a waiver in the future should a default occur.

We expect to be able to incur substantially more debt; this could increase the risks associated with our leverage.

The covenants in our Credit Agreement allow us to incur substantial additional indebtedness in the future. If we incur additional indebtedness, the risks associated with our leverage could increase substantially.

The wireless industry is experiencing rapid technological change, and we may lose customers if we fail to keep up with these changes.

The wireless communications industry is experiencing significant technological change, as evidenced by the ongoing improvements in the capacity and quality of digital technology, the development and commercial acceptance of wireless data services, shorter development cycles for new products and enhancements and changes in end-user requirements and preferences. The cost of implementing future technological innovations may be prohibitive to us, and we may lose customers if we fail to keep up with these changes.

The loss of key personnel and difficulty attracting and retaining qualified personnel could harm our business.

We believe our success depends heavily on the contributions of our employees and on maintaining our experienced workforce. We do not, however, generally provide employment contracts to our employees and the uncertainties associated with our bankruptcy and our emergence from bankruptcy have caused many employees to consider or pursue alternative employment. Since we announced reorganization discussions and filed for Chapter 11, we have experienced higher than normal employee turnover, including turnover of individuals at the chief executive officer, president and chief operating officer, senior vice president, vice president and other management levels. The loss of key individuals, and particularly the cumulative effect of such losses, may have a material adverse impact on our ability to effectively manage and operate our business.

Risks associated with wireless handsets could pose product liability, health and safety risks that could adversely affect our business.

We do not manufacture handsets or other equipment sold by us and generally rely on our suppliers to provide us with safe equipment. Our suppliers are required by applicable law to manufacture their handsets to meet certain governmentally imposed safety criteria. However, even if the handsets we sell meet the regulatory safety criteria, we could be held liable with the equipment manufacturers and suppliers for products we sell if they are later found to have design or manufacturing defects. We generally have indemnification agreements with the manufacturers who supply us with handsets to protect us from direct losses associated with product liability, but we cannot guarantee that we will be fully protected against all losses associated with a product that is found to be defective.

Media reports have suggested that the use of wireless handsets may be linked to various health concerns, including cancer, and may interfere with various electronic medical devices, including hearing aids and pacemakers. Certain class action lawsuits have been filed in the industry claiming damages for alleged health problems arising from the use of wireless handsets. In addition, interest groups have requested that the FCC investigate claims that wireless technologies pose health concerns and cause interference with airbags, hearing aids and other medical devices. The media has also reported incidents of handset battery malfunction, including reports of batteries that have overheated. Malfunctions have caused at least one major handset manufacturer to recall certain batteries used in its handsets, including batteries in a handset sold by Cricket and other wireless providers.

Concerns over radio frequency emissions and defective products may discourage the use of wireless handsets, which could decrease demand for our services. In addition, if one or more Cricket customers were harmed by a defective product provided to us by the manufacturer and subsequently sold in connection with our services, our ability to add and maintain customers for Cricket service could be materially adversely affected by negative public reactions.

There also are some safety risks associated with the use of wireless handsets while driving. Concerns over these safety risks and the effect of any legislation that has been and may be adopted in response to these risks could limit our ability to sell our wireless service.

We rely heavily on third parties to provide specialized services; a failure by such parties to provide the agreed services could materially adversely affect our business, results of operations and financial condition.

We depend heavily on suppliers and contractors with specialized expertise in order for us to efficiently operate our business. In the past, our suppliers, contractors and third-party retailers have not always performed at the levels we expect or at the levels required by their contracts. If key suppliers, contractors or third-party retailers fail to comply with their contracts, fail to meet our performance expectations or refuse to supply us in the future, our business could be severely disrupted. Generally, there are multiple sources for the types of products we purchase. However, some suppliers, including software suppliers, are the exclusive sources of their specific products. Because of the costs and time lags that can be associated with transitioning from one supplier to another, our business could be substantially disrupted if we were required to replace the products or services of one or more major, specialized suppliers with products or services from another source, especially if the replacement became necessary on short notice. Any such disruption could have a material adverse affect on our business, results of operations and financial condition.

We may be subject to claims of infringement regarding telecommunications technologies that are protected by patents and other intellectual property rights.

Telecommunications technologies are protected by a wide array of patents and other intellectual property rights. As a result, third parties may assert infringement claims against us from time to time based on our general business operations or the specific operation of our wireless networks. We generally have indemnification agreements with the manufacturers and suppliers who provide us with the equipment and technology that we use in our business to protect us against possible infringement claims, but we cannot guarantee that we will

be fully protected against all losses associated with an infringement claim. Whether or not an infringement claim was valid or successful, it could adversely affect our business by diverting management attention, involving us in costly and time-consuming litigation, requiring us to enter into royalty or licensing agreements (which may not be available on acceptable terms, or at all), or requiring us to redesign our business operations or systems to avoid claims of infringement.

A third party with a large patent portfolio has contacted us and suggested that we need to obtain a license under a number of its patents in connection with our current business operations. We understand that the third party has initiated similar discussions with other telecommunications carriers. We have begun to evaluate the third party s position but have not yet reached a conclusion as to the validity of its position. If we cannot reach a mutually agreeable resolution with the third party, we may be forced to enter into a licensing or royalty agreement with the third party. We do not currently expect that such an agreement would materially adversely affect our business, but we cannot provide assurance to our investors about the effect of any such license.

Regulation by government agencies may increase our costs of providing service or require us to change our services.

Our operations are subject to varying degrees of regulation by the FCC, the Federal Trade Commission, the Federal Aviation Administration, the Environmental Protection Agency, the Occupational Safety and Health Administration and state and local regulatory agencies and legislative bodies. Adverse decisions or regulations of these regulatory bodies could negatively impact our operations and costs of doing business. State regulatory agencies are increasingly focused on the quality of service and support that wireless carriers provide to their customers and several agencies have proposed or enacted new and potentially burdensome regulations in this area. Governmental regulations and orders can significantly increase our costs and affect our competitive position compared to other telecommunications providers. We are unable to predict the scope, pace or financial impact of regulations and other policy changes that could be adopted by the various governmental entities that oversee portions of our business.

If call volume under our Cricket flat price plans exceeds our expectations, our costs of providing service could increase, which could have a material adverse effect on our competitive position.

Cricket customers currently use their handsets approximately 1,500 minutes per month, and some markets are experiencing substantially higher call volumes. We own less spectrum in many of our markets than our competitors, but we design our networks to accommodate our expected high call volume, and we consistently assess and implement technological improvements to increase the efficiency of our wireless spectrum. However, if future wireless use by Cricket customers exceeds the capacity of our networks, service quality may suffer. We may be forced to raise the price of Cricket service to reduce volume or otherwise limit the number of new customers, or incur substantial capital expenditures to improve network capacity.

We offer service plans that bundle certain features, long distance and virtually unlimited local service for a fixed monthly fee to more effectively compete with other telecommunications providers. If customers exceed expected usage, we could face capacity problems and our costs of providing the services could increase. Further, long distance rates and the charges for interconnecting telephone call traffic between carriers can be affected by governmental regulatory actions (and in some cases are subject to regulatory control) and, as a result, could increase with limited warning. If we are unable to cost-effectively provide our products and services to customers, our competitive position and business prospects could be materially adversely affected.

Future declines in the fair value of our wireless licenses could result in future impairment charges.

During the three months ended June 30, 2003, we recorded an impairment charge of $171.1 million to reduce the carrying value of our wireless licenses to their estimated fair value. However, as a result of our adoption of fresh-start reporting under American Institute of Certified Public Accountants Statement of Position 90-7, Financial Reporting by Entities in Reorganization under the Bankruptcy Code, or SOP 90-7, we increased the carrying value of our wireless licenses to $652.6 million at July 31, 2004, the fair value estimated by management based in part on information provided by an independent valuation consultant.

The market values of wireless licenses have varied dramatically over the last several years, and may vary significantly in the future. In particular, valuation swings could occur if:

- consolidation in the wireless industry allowed or required carriers to sell significant portions of their wireless spectrum holdings;
- a sudden large sale of spectrum by one or more wireless providers occurs; or
- market prices decline as a result of the bidding activity in recently concluded or upcoming FCC auctions.

In addition, the price of wireless licenses could decline as a result of the FCC s pursuit of policies designed to increase the number of wireless licenses available in each of our markets. If the market value of wireless licenses were to decline significantly in the future, the value of our wireless licenses could be subject to non-cash impairment charges in the future. A significant impairment loss could have a material adverse effect on our operating income and on the carrying value of our wireless licenses on our balance sheet.

Declines in our operating performance could ultimately result in an impairment of our indefinite-lived assets, including goodwill, or our long-lived assets, including property and equipment.

We assess potential impairments to our long-lived assets, including property and equipment and certain intangible assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. We assess potential impairments to indefinite-lived intangible assets, including goodwill and wireless licenses, annually and when there is evidence that events or changes in circumstances indicate that an impairment condition may exist. If we do not achieve our planned operating results, this may ultimately result in a non-cash impairment charge related to our long-lived assets and/or our indefinite-lived intangible assets. A significant impairment loss could have a material adverse effect on our operating results and on the carrying value of our goodwill or wireless licenses and/or our long-lived assets on our balance sheet.

Because our consolidated financial statements reflect fresh-start reporting adjustments made upon our emergence from bankruptcy, financial information in our current and future financial statements will not be comparable to our financial information from prior periods.

As a result of adopting fresh-start reporting on July 31, 2004, the carrying values of our wireless licenses and our property and equipment, and the related depreciation and amortization expense, among other things, changed considerably from that reflected in our historical consolidated financial statements. Thus, our current and future balance sheets and results of operations will not be comparable in many respects to our balance sheets and consolidated statements of operations data for periods prior to our adoption of fresh-start reporting. You are not able to compare information reflecting our post-emergence financial statements to information for periods prior to our emergence from bankruptcy, without making adjustments for fresh-start reporting.

Risks Related to this Offering and Ownership of Our Common Stock

Our stock price may be volatile, and you may lose some or all of your investment.

The trading prices of the securities of telecommunications companies have been highly volatile. Accordingly, the trading price of our common stock is likely to be subject to wide fluctuations. Factors affecting the trading price of our common stock may include, among other things:

- variations in our operating results;
- announcements of technological innovations, new services or service enhancements, strategic alliances or significant agreements by us or by our competitors;
- recruitment or departure of key personnel;

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- changes in the estimates of our operating results or changes in recommendations by any securities analysts that elect to follow our common stock; and
- market conditions in our industry and the economy as a whole.

The 17,198,252 shares of our common stock registered for resale by this prospectus may adversely affect the market price of our common stock.

As of June 29, 2005, approximately 60.8 million shares of our common stock were issued and outstanding. This prospectus registers for resale 17,198,252 shares, or approximately 28.3% of our outstanding common stock. We are unable to predict the potential effect that sales into the market of any material portion of such shares may have on the then prevailing market price of our common stock. We also have registered all shares of common stock that we may issue under our stock option plan. Once we issue these shares, they can be freely sold in the public market. If any of these holders cause a large number of securities to be sold in the public market, the sales could reduce the trading price of our common stock. These sales also could impede our ability to raise future capital.

Our directors and affiliated entities have substantial influence over our affairs.

Our directors and entities affiliated with them beneficially own in the aggregate approximately 28.4% of our outstanding common stock. These stockholders have the ability to exert substantial influence over all matters requiring approval by our stockholders. These stockholders will be able to influence the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets and other matters. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control or impeding a merger or consolidation, takeover or other business combination.

Provisions in our amended and restated certificate of incorporation and bylaws or Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and therefore depress the trading price of our common stock.

Our amended and restated certificate of incorporation and bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of Leap may deem advantageous. These provisions:

- require super-majority voting to amend some provisions in our amended and restated certificate of incorporation and bylaws;
- authorize the issuance of blank check preferred stock that our board of directors could issue to increase the number of outstanding shares to discourage a takeover attempt;
- prohibit stockholder action by written consent, and require that all stockholder actions be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Additionally, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder and which may discourage, delay or prevent a change in control of our company.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, this prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management s current forecast of certain aspects of Leap s future. You can identify most forward-looking statements by forward-looking words such as believe, think, may, could, will, estimate, continue, intend, seek, plan, expect, should, would and similar expressions in this prospectus. Such statements are based on currently available oper financial and competitive information and are subject to various risks, uncertainties and assumptions that could cause actual results to differ materially from those anticipated or implied in our forward-looking statements. Such risks, uncertainties and assumptions include, among other things:

- our ability to attract and retain customers in an extremely competitive marketplace;
- our ability to attract, motivate and retain an experienced workforce;
- changes in economic conditions that could adversely affect the market for wireless services;
- the impact of competitors initiatives;
- our ability to successfully implement product offerings and execute service expansion plans;
- failure of network systems to perform according to expectations;
- our ability to comply with the covenants in our senior secured credit facilities;
- failure of the Federal Communications Commission, or the FCC, to approve the transfers: (a) to a third party of the wireless licenses covered by the asset purchase agreement between Cricket Communications, Inc., the third party and the other parties to such agreement; and (b) to Alaska Native Broadband 1 License, LLC of the wireless licenses for which it was the winning bidder in the FCC s Auction #58;
- global political unrest, including the threat or occurrence of war or acts of terrorism; and
- other factors detailed in the section entitled Risk Factors commencing on page 4 of this prospectus.

All forward-looking statements in this prospectus should be considered in the context of these risk factors. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, users of this prospectus are cautioned not to place undue reliance on the forward-looking statements.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares by the selling stockholders.

PRICE RANGE OF COMMON STOCK

Our old common stock was quoted on the OTC Bulletin Board until August 16, 2004 under the symbol LWINQ. When we emerged from our Chapter 11 proceedings on August 16, 2004, all of our formerly outstanding common stock was cancelled in accordance with our Plan of Reorganization and our former common stockholders ceased to have any ownership interest in us. Following our emergence from bankruptcy in August 2004 until June 28, 2005, the new shares of our common stock issued under our Plan of Reorganization were quoted on the OTC Bulletin Board under the symbol LEAP. Commencing on June 29, 2005, our common stock became listed for trading on the Nasdaq National Market under the symbol LEAP. Prior to December 11, 2002, our common stock was listed on the Nasdaq National Market under the symbol LWIN.

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Because the value of one share of our new common stock bears no relation to the value of one share of our old common stock, the trading prices of our new common stock are set forth separately from the trading prices of our old common stock in the table set forth below.

The following table sets forth the high and low sales prices per share of our common stock for the quarterly periods indicated, which correspond to our quarterly fiscal periods for financial reporting purposes. Prices for our old common stock are prices on the OTC Bulletin Board through August 15, 2004. Prices for our new common stock are prices on the OTC Bulletin Board from August 16, 2004 through June 28, 2005 and on the Nasdaq National Market on June 29, 2005. Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	High($)	Low($)
Old Common Stock		
Calendar Year 2003		
First Quarter	0.21	0.11
Second Quarter	0.21	0.05
Third Quarter	0.07	0.02
Fourth Quarter	0.09	0.01
Calendar Year 2004		
First Quarter	0.06	0.03
Second Quarter	0.04	0.01
Third Quarter through August 15, 2004	0.02	0.01
New Common Stock		
Third Quarter beginning August 16, 2004	27.80	19.75
Fourth Quarter	28.10	19.00
Calendar Year 2005		
First Quarter	29.87	25.01
Second Quarter (through June 29, 2005)	28.90	23.00

On June 29, 2005, the last reported sale price of Leap s common stock on the Nasdaq National Market was $28.25 per share. As of June 29, 2005, there were 60,806,423 shares of common stock outstanding held by approximately 119 holders of record.

DIVIDEND POLICY

Leap has never paid or declared any cash dividends on its common stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. The terms of our senior secured credit facilities entered into in January 2005 restrict our ability to declare or pay dividends. We intend to retain future earnings, if any, to fund our growth. Any future payment of dividends to our stockholders will depend on decisions that will be made by our board of directors and will depend on then existing conditions, including our financial condition, contractual restrictions, capital requirements and business prospects.

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SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands, except per share data)

The following selected financial data are derived from our audited annual and unaudited condensed consolidated financial statements and have been restated for the seven months ended July 31, 2004 to reflect adjustments that are further discussed in Note 2 to the audited annual consolidated financial statements included elsewhere in this prospectus. These tables should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements included elsewhere in this prospectus. References in these tables to Predecessor Company refer to the Company on or prior to July 31, 2004. References to Successor Company refer to the Company after July 31, 2004, after giving effect to the implementation of fresh-start reporting. The financial statements of the Successor Company are not comparable in many respects to the financial statements of the Predecessor Company because of the effects of the consummation of the Plan of Reorganization as well as the adjustments for fresh-start reporting. For a description of fresh-start reporting, see Note 3 to the audited annual consolidated financial statements included elsewhere in this prospectus.

	Successor Company	Predecessor Company	Successor Company	Predecessor Company				
	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004	Five Months Ended December 31, 2004	Seven Months Ended July 31, 2004	Year Ended December 31, 2003	2002	2001	2000(4)
				(As Restated)				
Statement of Operations Data(1):								
Revenues:								
Service revenues	$ 185,981	$ 169,051	$ 285,647	$ 398,451	$ 643,566	$ 567,694	$ 215,917	$ 40,599
Equipment revenues	42,389	37,771	58,713	83,196	107,730	50,781	39,247	9,718
Total revenues	228,370	206,822	344,360	481,647	751,296	618,475	255,164	50,317
Operating expenses:								
Cost of service (exclusive of items shown separately below)	(50,197)	(48,000)	(79,148)	(113,988)	(199,987)	(181,404)	(94,510)	(20,821)
Cost of equipment	(49,178)	(43,755)	(82,402)	(97,160)	(172,235)	(252,344)	(202,355)	(54,883)
Selling and marketing	(22,995)	(23,253)	(39,938)	(51,997)	(86,223)	(122,092)	(115,222)	(31,709)
General and administrative	(36,035)	(38,610)	(57,110)	(81,514)	(162,378)	(185,915)	(152,051)	(85,640)
Depreciation and amortization	(48,104)	(75,461)	(75,324)	(177,494)	(300,243)	(287,942)	(119,177)	(24,563)
Impairment of indefinite-lived intangible assets					(171,140)	(26,919)		
Impairment of long-lived assets and related charges				(626)	(24,054)	(16,323)		
Total operating expenses	(206,509)	(229,079)	(333,922)	(522,779)	(1,116,260)	(1,072,939)	(683,315)	(217,616)
Gains on sale of wireless licenses				532	4,589	364	143,633	
Operating income (loss)	21,861	(22,257)	10,438	(40,600)	(360,375)	(454,100)	(284,518)	(167,299)
Equity in net loss of and write-down of							(54,000)	(78,624)

investments in and loans receivable from unconsolidated wireless operating companies								
Interest income	1,903		1,812		779	6,345	26,424	48,477
Interest expense	(9,123)	(1,823)	(16,594)	(4,195)	(83,371)	(229,740)	(178,067)	(112,358)
Foreign currency transaction gains (losses), net							(1,257)	13,966
Gain on sale of wholly owned subsidiaries								313,432
Gain on issuance of stock by unconsolidated wireless operating company								32,602
Gain on sale of unconsolidated wireless operating company						39,518		
Other income (expense), net	(1,286)	19	(117)	(293)	(176)	(3,001)	8,443	(2,824)
Income (loss) before reorganization items and income taxes	13,355	(24,061)	(4,461)	(45,088)	(443,143)	(640,978)	(482,975)	47,372
Reorganization items, net		(2,025)		962,444	(146,242)			
Income (loss) before income taxes	13,355	(26,086)	(4,461)	917,356	(589,385)	(640,978)	(482,975)	47,372
Income taxes	(709)	(1,944)	(4,168)	(4,166)	(8,052)	(23,821)	(322)	(47,540)
Net income (loss)	12,646	(28,030)	$ (8,629)	$ 913,190	$ (597,437)	$ (664,799)	$ (483,297)	$ (168)
Basic and diluted net income (loss) per common share(2)	$ 0.21	$ (0.48)	$ (0.14)	$ 15.58	$ (10.19)	$ (14.91)	$ (14.27)	$ (0.01)
Shares used in per share calculations(2):								
Basic	60,000	58,645	60,000	58,623	58,604	44,591	33,861	25,398
Diluted	60,236	58,645	60,000	58,623	58,604	44,591	33,861	25,398

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	Successor Company		Predecessor Company			
			As of December 31,			
	March 31, 2005	2004	2003	2002	2001	2000
Balance Sheet Data(1):						
Cash and cash equivalents	$ 22,211	$ 141,141	$ 84,070	$ 100,860	$ 242,979	$ 338,878
Working capital (deficit)(3)	66,599	142,404	(2,254,809)	(2,144,420)	189,507	602,373
Restricted cash, cash equivalents and short-term investments	30,903	31,427	55,954	25,922	40,755	65,471
Total assets	2,155,296	2,090,482	1,756,843	2,163,702	2,450,895	1,647,407
Long-term debt(3)	493,750	371,355			1,676,845	897,878
Total stockholders equity (deficit)	1,482,421	1,469,850	(893,356)	(296,786)	358,440	583,258

(1) For the first six months of the year ended December 31, 2000, the financial results of Smartcom are included in the selected consolidated financial data as a result of our acquisition of the remaining 50% interest in Smartcom that we did not already own on April 19, 1999. We subsequently divested our entire interest in Smartcom on June 2, 2000.

(2) Refer to Notes 2 and 5 to the audited annual consolidated financial statements included elsewhere in this prospectus for an explanation of the calculation of basic and diluted net loss per common share.

(3) We have presented the principal and interest balances related to our outstanding debt obligations as current liabilities in the consolidated balance sheets as of December 31, 2003 and 2002, as a result of the then existing defaults under the underlying agreements.

(4) We have reclassified a $4.7 million loss on early extinguishment of debt from extraordinary items to other income (expense) as a result of our adoption of Statement of Financial Accounting Standards (SFAS) No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the annual audited and unaudited condensed consolidated financial statements and the notes to those statements included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under the section entitled Risk Factors and elsewhere in this prospectus, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

Restatement of Previously Reported Unaudited Interim Consolidated Financial Information. The accompanying Management s Discussion and Analysis of Financial Condition and Results of Operations gives effect to certain restatement adjustments made to the previously unaudited interim financial information of the Predecessor Company for the one and seven month periods ended July 31, 2004 and the Successor Company for the two month period ended September 30, 2004. See Note 2 to the annual audited consolidated financial statements included elsewhere in this prospectus for additional information.

Our Business. We conduct our business primarily through Cricket. Cricket provides mobile wireless services targeted to meet the needs of customers who are under-served by traditional communications companies. Our Cricket service is a simple and affordable wireless alternative to traditional landline service. Our basic Cricket service offers customers virtually unlimited anytime minutes within the Cricket calling area over a high-quality, all-digital CDMA network. Our revenues come from the sale of wireless services, handsets and accessories to customers. Our liquidity and capital resources come primarily from our existing cash, cash equivalents and short-term investments, cash generated from operations, and cash available from borrowings under our revolving credit facility.

Cricket operates in 39 markets in 20 states stretching from New York to California. At March 31, 2005, we had approximately 1,615,000 customers and the total potential customer base covered by our networks in our 39 operating markets was approximately 26.7 million.

In May 2005, a wholly owned subsidiary of Cricket acquired from the FCC four wireless licenses covering approximately 11.1 million potential customers, after being named the winning bidder for such licenses in the FCC s Auction #58. We currently expect to build out and launch commercial operations in the markets covered by these licenses and are developing plans for such build-outs. In addition, a subsidiary of Alaska Native Broadband 1, LLC, an entity in which we own a 75% non-controlling interest and which is referred to in this prospectus as ANB 1, was the winning bidder in Auction #58 for nine wireless licenses covering approximately 10.1 million potential customers. The transfers of these wireless licenses to ANB 1 s subsidiary are subject to FCC approval. Although we expect that such approvals will be issued in the normal course, we cannot assure you that the FCC will grant such approvals. We expect that we will seek additional capital to increase our liquidity and help assure we have sufficient funds for the build-out and initial operation of our new licenses and to finance the build-out and initial operation of the licenses ANB 1 expects to acquire through its subsidiary. For a further discussion of our arrangements with Alaska Native Broadband, see Business Arrangements with Alaska Native Broadband below.

Voluntary Reorganization Under Chapter 11. On April 13, 2003, Leap, Cricket and substantially all of their subsidiaries filed voluntary petitions for relief under Chapter 11 in the U.S. Bankruptcy Court for the Southern District of California. On August 5, 2004, all material conditions to the effectiveness of the Plan of Reorganization were resolved and, on August 16, 2004, the Plan of Reorganization became effective and the Company emerged from Chapter 11 bankruptcy. On that date, a new Board of Directors of Leap was appointed, Leap s previously existing stock, options and warrants were cancelled, and Leap issued 60 million shares of new Leap common stock for distribution to two classes of creditors. For a more detailed description of our bankruptcy proceedings, see Business Chapter 11 Proceedings Under the Bankruptcy Code and Note 1 to the audited annual consolidated financial statements included elsewhere in this prospectus.

Our Plan of Reorganization implemented a comprehensive financial reorganization that significantly reduced our outstanding indebtedness. When the Plan of Reorganization became effective on August 16, 2004, our long-term debt was reduced from a book value of more than $2.4 billion to debt with an estimated fair value of $412.8 million, consisting of new Cricket 13% senior secured pay-in-kind notes due 2011 with a face value of $350 million and an estimated fair value of $372.8 million and approximately $40 million of remaining indebtedness to the FCC. On January 10, 2005, we entered into new senior secured credit facilities and used a portion of the proceeds from the $500 million term loan included as a part of such facilities to redeem Cricket s 13% senior secured pay-in-kind notes and to repay the remaining indebtedness to the FCC. The new facilities consist of a six-year $500 million term loan and a five-year $110 million revolving credit facility.

Fresh-Start Reporting. In connection with our emergence from Chapter 11, we adopted the fresh-start reporting provisions of SOP 90-7 as of July 31, 2004. Under SOP 90-7, reorganization value represents the fair value of the entity before considering liabilities and approximates the amount a willing buyer would pay for the assets of the entity immediately after the reorganization. In implementing fresh-start reporting, we allocated our reorganization value to the fair value of our assets in conformity with procedures specified by SFAS No. 141, Business Combinations, and stated our liabilities, other than deferred taxes, at the present value of amounts expected to be paid. The amount remaining after allocation of the reorganization value to the fair value of our identified tangible and intangible assets is reflected as goodwill, which is subject to periodic evaluation for impairment. In addition, under fresh-start reporting, our accumulated deficit was eliminated and new equity was issued according to the Plan of Reorganization. For a more detailed discussion of fresh-start reporting, see Note 3 to the audited annual consolidated financial statements included elsewhere in this prospectus.

This overview is intended to be only a summary of significant matters concerning our results of operations and financial condition. It should be read in conjunction with the management discussion below and all of the business and financial information contained in this prospectus, including the audited annual consolidated financial statements and the unaudited condensed consolidated financial statements contained elsewhere in this prospectus.

Results of Operations

As a result of our emergence from Chapter 11 bankruptcy and the application of fresh-start reporting, we are deemed to be a new entity for financial reporting purposes. In this prospectus, the Company is referred to as the Predecessor Company for periods on or prior to July 31, 2004, and is referred to as the Successor Company for periods after July 31, 2004, after giving effect to the implementation of fresh-start reporting. The financial statements of the Successor Company are not comparable in many respects to the financial statements of the Predecessor Company because of the effects of the consummation of the Plan of Reorganization as well as the adjustments for fresh-start reporting. However, for purposes of the discussion of our results of operations for the year ended December 31, 2004, the Predecessor Company s results for the period from January 1, 2004 through July 31, 2004 have been combined with the Successor Company s results for the period from August 1, 2004 through December 31, 2004. These combined results are compared to the Predecessor Company s results for the year ended December 31, 2003.

Financial Performance

The following table presents the consolidated statement of operations data for the periods indicated (in thousands). The financial data for the year ended December 31, 2004 presented below represents the combination of the Predecessor and Successor Companies results for that period.

	Three Months Ended March 31,		Year Ended December 31,		
	2005	2004	2004	2003	2002
Revenues:					
Service revenues	$ 185,981	$ 169,051	$ 684,098	$ 643,566	$ 567,694
Equipment revenues	42,389	37,771	141,909	107,730	50,781
Total revenues	228,370	206,822	826,007	751,296	618,475
Operating expenses:					
Cost of service (exclusive of items shown separately below)	(50,197)	(48,000)	(193,136)	(199,987)	(181,404)
Cost of equipment	(49,178)	(43,755)	(179,562)	(172,235)	(252,344)
Selling and marketing	(22,995)	(23,253)	(91,935)	(86,223)	(122,092)
General and administrative	(36,035)	(38,610)	(138,624)	(162,378)	(185,915)
Depreciation and amortization	(48,104)	(75,461)	(252,818)	(300,243)	(287,942)
Impairment of indefinite-lived intangible assets				(171,140)	(26,919)
Impairment of long-lived assets and related charges			(626)	(24,054)	(16,323)
Total operating expenses	(206,509)	(229,079)	(856,701)	(1,116,260)	(1,072,939)
Gains on sale of wireless licenses			532	4,589	364
Operating income (loss)	21,861	(22,257)	(30,162)	(360,375)	(454,100)
Interest income	1,903		1,812	779	6,345
Interest expense	(9,123)	(1,823)	(20,789)	(83,371)	(229,740)
Gain on sale of unconsolidated wireless operating company					39,518
Other income (expense), net	(1,286)	19	(410)	(176)	(3,001)
Income (loss) before reorganization items and income taxes	13,355	(24,061)	(49,549)	(443,143)	(640,978)
Reorganization items, net		(2,025)	962,444	(146,242)	
Income (loss) before income taxes	13,355	(26,086)	912,895	(589,385)	(640,978)
Income taxes	(709)	(1,944)	(8,334)	(8,052)	(23,821)
Net income (loss)	$ 12,646	$ (28,030)	$ 904,561	$ (597,437)	$ (664,799)

Three Months Ended March 31, 2005 Compared to Three Months Ended March 31, 2004

At March 31, 2005, we had approximately 1,615,000 customers compared to approximately 1,538,000 customers at March 31, 2004. Gross customer additions during the three months ended March 31, 2005 and 2004 were approximately 201,000 and 207,000, respectively, and net customer additions during these periods were approximately 45,000 and 66,000, respectively. At March 31, 2005, the total potential customer base covered by our networks in our 39 operating markets was approximately 26.7 million.

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During the three months ended March 31, 2005, service revenues increased $16.9 million, or 10%, compared to the corresponding period of the prior year. Higher average customers contributed $10.1 million of the increase. Higher average revenues per customer contributed the remaining $6.8 million of the increase, including a $1.0 million increase in service revenue associated with reduced mail-in rebate activity. Beginning in the fourth quarter of 2003, we modified our service offerings by bundling additional products and features designed to increase value to customers and improve average revenue per customer. Since their introduction, these higher priced service plans have represented a significant portion of our gross customer additions and have increased our average service revenue per customer.

During the three months ended March 31, 2005, equipment revenues increased $4.6 million, or 12%, compared to the corresponding period of the prior year. Of this total, an increase of $1.7 million which resulted from an increase of approximately 5% in the number of handsets sold compared to the corresponding period of the prior year and a further increase of $4.1 million which resulted from an increased mix of higher priced handsets sold, were partially offset by a decrease of $1.3 million in activation fees included in equipment revenue.

During the three months ended March 31, 2005, cost of service increased $2.2 million, or 5%, compared to the corresponding period of the prior year. The increase in cost of service was primarily attributable to an increase of $1.6 million in costs associated with value-added features such as long distance, directory assistance, messaging, and BREW (a registered trademark of Qualcomm) based data services, an increase of $1.8 million related to interconnect costs due to a one-time credit received during the three months ended March 31, 2004, and an increase of $0.4 million related to cell site lease costs. These increases were partially offset by a decrease of $1.6 million in employee related costs and $0.5 million of other network operating expenses. During 2005, we expect the variable costs associated with usage and value-added features to continue to increase as our customer base grows and the adoption of add-on products accelerates. Additionally, we expect that the launch of the Fresno market in the second half of 2005 will increase fixed network infrastructure costs.

During the three months ended March 31, 2005, cost of equipment increased $5.4 million, or 12%, compared to the corresponding period of the prior year. The increase in cost of equipment was primarily attributable to an increase of $6.0 million related to the increase in the number of handsets sold as well as an increase in the mix of higher-cost handsets sold. This increase was partially offset by a decrease of $0.6 million in reverse logistics costs.

During the three months ended March 31, 2005, selling and marketing expenses remained relatively constant compared to the corresponding period of the prior year. A decrease of $1.2 million, primarily related to employee-related expenses, was partially offset by an increase of $0.9 million in advertising and other related expenses.

During the three months ended March 31, 2005, general and administrative expenses decreased $2.6 million, or 7%, compared to the corresponding period of the prior year. The decrease in general and administrative expenses was due to a decrease of $3.5 million in call center costs and a decrease of $0.5 million in insurance costs partially offset by an increase in professional services of $0.9 million and an increase of $0.5 million in employee and other general expenses.

During the three months ended March 31, 2005, depreciation and amortization expenses decreased $27.4 million, or 36%, compared to the corresponding period of the prior year. The decrease in depreciation expense was primarily due to the revision of the estimated useful lives of network equipment and the reduction in the carrying value of property and equipment as a result of fresh-start accounting at July 31, 2004. As a result of this change, depreciation expense was reduced by approximately $30.8 million for the three months ended March 31, 2005 compared to what it would have been if the useful lives had not been revised. In addition, depreciation and amortization expense for the three months ended March 31, 2005 included amortization expense of $8.7 million related to identifiable intangible assets recorded upon the adoption of fresh-start accounting.

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During the three months ended March 31, 2005, interest expense increased $7.3 million, or 400%, compared to the corresponding period of the prior year. The increase in interest expense resulted from the application of SOP 90-7 during the three months ended March 31, 2004, which required that, commencing on April 13, 2003, the date of the filing of the Company s bankruptcy petition, or the Petition Date, we cease to accrue interest and amortize debt discounts and debt issuance costs on pre-petition liabilities that were subject to compromise, which comprised substantially all of our debt. Upon our emergence from bankruptcy, we began accruing interest on the newly issued 13% senior secured pay-in-kind notes. The 13% notes were repaid in January 2005 and replaced with a $500 million term loan that accrues interest at a variable rate. Upon closing of the $500 million term loan on January 10, 2005, we issued a call notice on the 13% pay-in-kind notes and retired the 13% pay-in-kind notes on January 25, 2005, at the end of the call notice period. The 15 day call notice period on the 13% pay-in-kind notes resulted in interest of $1.9 million for the three months ended March 31, 2005 in addition to the interest on the $500 million term loan which began accruing on January 10, 2005.

During the three months ended March 31, 2005, there were no reorganization items. Reorganization items for the three months ended March 31, 2004 represent amounts incurred by the Predecessor Company as a direct result of the Chapter 11 filings and consisted primarily of $2.2 million of professional fees for legal, financial advisory and valuation services directly associated with the Company s Chapter 11 filings and reorganization process.

During the three months ended March 31, 2005, income tax expense decreased to $0.7 million or 5% of income before income taxes, from $1.9 million or (7%) of loss before income taxes, or the pre-tax loss, in the corresponding period of the prior year. Tax expense for the current quarter reflects a tax benefit attributable to the repayment of the 13% senior secured pay-in-kind notes, which was reflected as a discrete item in the quarter. Tax expense for the comparable quarter in the prior year consisted exclusively of the tax effect of the amortization of wireless licenses for income tax purposes. Tax expense for the remainder of 2005 is expected to be recorded at an annual effective tax rate of 41.5%; however, the effective tax rate for the remainder of 2005 could be impacted by additional discrete transaction items such as the pending sale of wireless licenses and other assets described in Note 7 of the condensed consolidated financial statements. Due to the tax benefit attributable to the repayment of the 13% senior secured pay-in-kind notes, we do not expect taxable income in the current year. However, to the extent that taxable income is generated and Predecessor Company NOLs are utilized in the future, book tax expense will increase since utilization of Predecessor Company NOLs generally offsets goodwill rather than reducing book tax expense.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

At December 31, 2004, we had approximately 1,570,000 customers compared to approximately 1,473,000 customers at December 31, 2003. Gross customer additions for the years ended December 31, 2004 and 2003 were 808,000 and 735,000, respectively, and net customer additions (losses) during these periods were approximately 97,000 and (39,000), respectively. At December 31, 2004, the total potential customer base covered by our networks in our 39 operating markets was approximately 26.7 million.

During the year ended December 31, 2004, service revenues increased $40.5 million, or 6%, compared to the year ended December 31, 2003. The increase in service revenues was due to a combination of the increase in net customers and an increase in average revenue per customer. Our basic Cricket service offers customers virtually unlimited calls within their Cricket service area at a flat price and in November 2003 we added two other higher priced plans which include different levels of bundled features. In March 2004, we introduced a plan that provides virtually unlimited local and long distance calling for a flat rate and also introduced a plan that provides discounts on additional lines added to an existing qualified account. Since their introduction, the higher priced service plans have represented a significant portion of our gross customer additions and have increased our average service revenue per subscriber. The increase in service revenues resulting from the higher priced service offerings for the year ended December 31, 2004, as compared to the year ended December 31, 2003, was partially offset by the impacts of increased promotional activity in 2004 and by the elimination of activation fees as an element of service revenue.

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Activation fees were included in service revenues for the first two quarters of fiscal 2003, until our adoption of Emerging Issues Task Force (EITF) Issue No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables in July 2003, at which time they began to be included in equipment revenues.

During the year ended December 31, 2004, equipment revenues increased $34.2 million, or 32%, compared to the year ended December 31, 2003. Approximately $24.9 million of the increase in equipment revenues resulted from higher average net revenue per handset sold, of which higher prices contributed $15.9 million of the $24.9 million increase, and higher handset sales volumes contributed the remaining $9.0 million of the $24.9 million increase. The primary driver of the increase in revenue per handset sold was the implementation of a policy to increase handset prices commencing in the fourth quarter of 2003, offset in part by increases in promotional activity and in dealer compensation costs in 2004. Additionally, activation fees included in equipment revenue increased by $9.3 million for the year ended December 31, 2004 compared to the year ended December 31, 2003 due to the inclusion of activation fees in equipment revenue for all of 2004 versus only the last two quarters in 2003 as a result of our adoption of EITF Issue No. 00-21 in July 2003. In 2005, we expect that the change in equipment revenues will generally reflect changes in the volume of handsets sold, subject to potential decreases in average selling prices caused by future promotions or in response to pricing actions from competitors.

For the year ended December 31, 2004, cost of service decreased $6.9 million, or 3%, compared to the year ended December 31, 2003, even though service revenues increased by 6%. The decrease in cost of service resulted from a net decrease of $5.8 million in network related costs, generally resulting from the renegotiation of several supply agreements during the course of our bankruptcy, a net decrease of $2.3 million in cell site costs as a result of our rejection of surplus cell site leases in the bankruptcy proceedings, and a $3.3 million reduction in property tax related to the decreased value of fixed assets as a result of the bankruptcy. These decreases were offset in part by increases of $2.1 million in employee-related costs and $6.1 million in software maintenance expenses in the current year. We generally expect that cost of service in 2005 will increase with growth in customers, usage, and the introduction and customer adoption of new products.

For the year ended December 31, 2004, cost of equipment increased $7.3 million, or 4%, compared to the year ended December 31, 2003. Equipment costs increased by $22.5 million due primarily to increased handset sales volume and an increase in the average cost per handset as our sales mix shifted from moderately priced to higher end handsets. This increase in equipment cost was offset by cost-reduction initiatives in reverse logistics and other equipment-related activities of approximately $15.1 million. Although equipment revenue growth significantly outpaced equipment cost increases in 2004 due to the reasons discussed above, we generally expect changes in equipment revenue in 2005 to more closely track changes in equipment cost.

For the year ended December 31, 2004, selling and marketing expenses increased $5.7 million, or 7%, compared to the year ended December 31, 2003. The increase in selling and marketing expenses was primarily due to increases of $6.0 million in employee and facility related costs. During the latter half of 2003 and throughout 2004, we invested in additional staffing and resources to improve the customer sales and service experience in our retail locations.

For the year ended December 31, 2004, general and administrative expenses decreased $23.8 million, or 15%, compared to the year ended December 31, 2003. The decrease in general and administrative expenses was primarily due to a decrease of $4.7 million in insurance costs and a reduction of $15.2 million in call center and billing costs resulting from improved operating efficiencies and cost reductions negotiated during the course of our bankruptcy, partially offset by a $2.9 million increase in employee-related expenses. In addition, for the year ended December 31, 2004, there was a decrease of $9.2 million in legal costs compared to the corresponding period in the prior year, primarily reflecting the classification of costs directly related to our bankruptcy filings and incurred after the Petition Date as reorganization expenses.

During the year ended December 31, 2004, depreciation and amortization expenses decreased $47.4 million, or 16%, compared to the year ended December 31, 2003. The decrease in depreciation expense was primarily due to the revision of the estimated useful lives of network equipment and the reduction in the carrying value of property and equipment as a result of fresh-start accounting at July 31, 2004. In addition,

depreciation and amortization expense for the year ended December 31, 2004 included amortization expense of $14.5 million related to identifiable intangible assets recorded upon the adoption of fresh-start accounting.

During the year ended December 31, 2004, interest expense decreased $62.6 million, or 75%, compared to the year ended December 31, 2003. The decrease in interest expense resulted from the application of SOP 90-7 which required that, commencing on the Petition Date, we cease to accrue interest and amortize debt discounts and debt issuance costs on pre-petition liabilities that were subject to compromise. As a result, we ceased to accrue interest and to amortize our debt discounts and debt issuance costs for our senior notes, senior discount notes, senior secured vendor credit facilities, note payable to GLH, and Qualcomm term loan. Upon our emergence from bankruptcy, we began accruing interest on the newly issued 13% senior secured pay-in-kind notes. The 13% notes were refinanced in January 2005 and replaced with a $500 million term loan that accrues interest at a variable rate.

During the year ended December 31, 2004, reorganization items consisted primarily of $5.0 million of professional fees for legal, financial advisory and valuation services and related expenses directly associated with our Chapter 11 filings and reorganization process, partially offset by $2.1 million of income from the settlement of certain pre-petition liabilities, and $1.4 million of interest income earned while we were in bankruptcy, with the balance of $963.9 million attributable to net gain on the discharge of liabilities, the cancellation of equity upon our emergence from bankruptcy and the application of fresh-start accounting.

During the year ended December 31, 2004, income tax expense increased by $0.3 million, or 4%, compared to the year ended December 31, 2003. The increase in income tax expense resulted primarily from increased deferred tax liabilities resulting from higher amortization of wireless licenses for income tax purposes for the year ended December 31, 2004 compared to the prior year. The Successor Company can utilize available Predecessor Company net operating losses to reduce its taxable income. However, utilization of Predecessor Company NOLs generally offsets goodwill rather than reducing book tax expense.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

At December 31, 2003, we had approximately 1,473,000 customers compared to approximately 1,512,000 at December 31, 2002. During the year ended December 31, 2003, gross customer additions were approximately 735,000 and net customers declined by approximately 39,000, which included a decline of approximately 2,800 customers as a result of our discontinuation of service in Hickory, North Carolina as of September 30, 2003. At December 31, 2003, the total potential customer base covered under our 39 operating markets was approximately 25.9 million.

At March 31, 2003, Cricket had 1,513,000 customers, a net addition of 1,000 customers from December 31, 2002. During the three months ended June 30, 2003, the quarter in which Leap, Cricket and substantially all of their subsidiaries filed voluntary petitions for relief under Chapter 11, we experienced a net decline of approximately 54,000 in the number of Cricket customers. Previously, we had not experienced a decline in total customers from one quarter to another. We believe that this decline was due in part to the uncertainty caused by our announcement of filing for bankruptcy protection and our anticipated reorganization. The effect of these events was compounded by a significant reduction in our advertising campaigns during the first and second quarters of 2003. Although promotional activity resulted in a net increase in our customers of approximately 18,000 during the three months ended September 30, 2003, we experienced a net decrease of approximately 4,000 customers during the final three months of the year.

During the year ended December 31, 2003, we performed an analysis of the operating performance of our third-party dealers and distributors, and we continued to analyze their performance as we worked to improve our handset distribution strategies. As a result of our analysis, we discontinued our relationship with a substantial number of dealers and distributors who represented a small portion of our equipment sales and who were not performing to our standards. In addition, we revised our incentive structure with our third-party dealers and distributors to benefit high performing dealers and distributors. In connection with these changes, we increased incentives for sales of higher-priced monthly service plans and increased incentives for sales that utilize our cost saving strategies such as Web activation and automatic bill payments via a customer s credit card. In addition, we focused our rebate program on customers who remained on service for several months.

During the year ended December 31, 2003, service revenues increased $75.9 million, or 13%, compared to the year ended December 31, 2002. The increase in service revenues was primarily due to an increase in our average service revenue per customer resulting from the launch of a new higher-priced, bundled plan during the third quarter of 2002, combined with an increase in average subscribers to 1,479,000 for the year ended December 31, 2003 from 1,414,000 average subscribers for the year ended December 31, 2002 and, to a lesser extent, approximately $6.2 million of activation fees which we commenced charging during the fourth quarter of 2002 and which were included in service revenues until our adoption of EITF Issue No. 00-21 in July 2003. The effect of these factors was partially offset by a change in our handset sales practices which eliminated any allocation of the handset price to service revenues. This change is discussed in greater detail below.

During the year ended December 31, 2003, equipment revenues increased $57.0 million, or 112%, compared to the year ended December 31, 2002. The largest portion of this increase, $39.1 million, occurred because we stopped including the first month of service in the handset purchase price in the fourth quarter of 2002. As a result, we no longer allocate any portion of the handset price to service revenues. Equipment revenues for the year ended December 31, 2003 also increased approximately $9.8 million because we changed our practice of offering instant or in-store handset rebates to customers and instead began offering mail-in rebates to new customers that were only redeemable if the customer continued on Cricket service for three months. (Mail-in rebates have a lower redemption rate than instant rebates.) Equipment revenues also increased approximately $9.6 million because we began immediately recognizing activation fees as equipment revenues after our adoption of EITF Issue No. 00-21 on July 1, 2003. In addition, equipment revenues rose because we increased the selling prices of our handsets so that the selling price for the majority of our handsets was at or near the cost of the handset. However, sales incentives offered to customers and volume-based sales incentives offered to our third-party dealers and distributors are included as reductions to equipment revenue, and fulfillment costs and warranty repair costs are included in cost of equipment, which together result in a negative gross margin on the sale of handsets. These increases in equipment revenue were partially offset by a decrease in the number of handsets sold to new customers or sold as replacement handsets for existing customers of 636,000, or 35%, for the year ended December 31, 2003, compared to the prior year.

During the year ended December 31, 2003, cost of service increased $18.6 million, or 10%, compared to the year ended December 31, 2002. The increase in cost of service was primarily attributable to an increase of approximately $10.4 million in our long distance costs as a result of the increased long distance usage resulting from the introduction of service plans that include large bundles of available long distance minutes each month. Cost of service also rose as a result of an increase in the number of average subscribers, an increase in software maintenance expenses of approximately $8.5 million and an increase in engineering and other operational costs of approximately $7.1 million, partially offset by a decrease in payroll related costs of approximately $9.2 million. In conjunction with the bankruptcy proceedings, we renegotiated several of our executory contracts with our vendors.

During the year ended December 31, 2003, cost of equipment decreased $80.1 million, or 32%, compared to the year ended December 31, 2002. The decrease in cost of equipment was due to a 35% decrease in the number of handsets sold (partially as a result of our efforts commencing in 2002 to reduce fraudulent sales) and, to a lesser extent, a decrease in amounts paid for handsets. During the year ended December 31, 2003, $57.2 million of our total losses on equipment revenues of $64.5 million were directly related to acquiring new customers.

Equipment revenues increased sharply in 2003 while at the same time cost of equipment declined, in each case for the reasons described above. We do not believe that this change represented a trend in the relationship between equipment revenues and cost of equipment.

For the year ended December 31, 2003, selling and marketing expenses decreased $35.9 million, or 29%, compared to the year ended December 31, 2002. The decrease in selling and marketing expenses was primarily due to a decrease in advertising and related costs of approximately $27.6 million resulting from management s increased focus on the effective use of advertising and from cash conservation during the course of our bankruptcy proceedings, a decrease of $4.6 million in co-operative advertising reimbursements to our third-party dealers and distributors and a decrease of approximately $2.1 million in payroll and related costs.

For the year ended December 31, 2003, general and administrative expenses decreased $23.5 million, or 13%, compared to the year ended December 31, 2002. The decrease in general and administrative expenses was primarily due to a reduction of approximately $5.2 million in payroll and related costs, a decrease of approximately $5.0 million in call center costs, a decrease of approximately $5.8 million in legal costs (excluding legal costs directly associated with our reorganization proceedings after the Petition Date), and a decrease of approximately $3.2 million in excise taxes, partially offset by an increase of approximately $3.2 million in insurance costs.

For the year ended December 31, 2003, depreciation and amortization increased $12.3 million, or 4%, compared to the year ended December 31, 2002. The increase in depreciation and amortization resulted from a larger base of network, computer and other equipment in service.

During the year ended December 31, 2003, we recorded an impairment charge of $171.1 million to reduce the carrying value of our wireless licenses to their estimated fair value. Management estimated the fair value of our wireless licenses based on the information available to it, including a valuation report prepared by a third-party consultant in connection with the confirmation hearing for our Plan of Reorganization. During the year ended December 31, 2002, we also recorded an impairment charge of $26.9 million to our then remaining goodwill balance. The goodwill related to our June 2000 acquisition of the remaining interest in Cricket Communications Holdings that we did not already own.

During the year ended December 31, 2003, we recorded charges of $20.7 million in connection with the disposal of certain network assets and the write-off of capitalized costs associated with cell sites that we no longer expected to use in the business. In addition, we recognized $3.4 million in expense for accrued costs related to certain leases that we ceased using before the contractual termination date.

For the year ended December 31, 2003, interest income decreased $5.6 million, or 88%, compared to the year ended December 31, 2002. The decrease in interest income resulted from the application of SOP 90-7 which requires that we classify interest earned during the bankruptcy proceedings as a reorganization item.

For the year ended December 31, 2003, interest expense decreased $146.4 million, or 64%, compared to the year ended December 31, 2002. The decrease in interest expense resulted from the application of SOP 90-7 which requires that, commencing on the Petition Date, we cease accruing interest and amortizing debt discounts and debt issuance costs on pre-petition liabilities that are subject to compromise. As a result, we ceased to accrue interest and to amortize our debt discounts and debt issuance costs for our senior notes, senior discount notes, senior secured vendor credit facilities, the note payable to GLH, Inc., and the Qualcomm term loan.

Reorganization items for the year ended December 31, 2003 consisted of $174.1 million related to the write-off of debt discounts and capitalized debt issuance costs associated with our long-term debt subject to compromise in accordance with SOP 90-7 and $12.1 million of professional fees for legal, financial advisory and valuation services and related expenses directly associated with our Chapter 11 filings and reorganization process, offset by $34.8 million of debt forgiveness income from the settlement of certain pre-petition liabilities, $2.3 million of income from the reversal of certain pre-petition liabilities related to contracts rejected in bankruptcy, and $2.9 million of interest income earned while we were in bankruptcy.

For the year ended December 31, 2003, income tax expense decreased $15.8 million compared to the year ended December 31, 2002. The decrease in income tax expense was related primarily to a one-time income tax expense of $15.9 million recorded during the three months ended March 31, 2002 to increase the valuation allowance on our deferred tax assets in connection with ceasing amortization of wireless licenses pursuant to our adoption of SFAS No. 142, Goodwill and Other Intangible Assets.

Performance Measures

In managing our business and assessing our financial performance, management supplements the information provided by financial statement measures with several customer-focused performance metrics that are widely used in the telecommunications industry. These metrics include average revenue per user per month (ARPU), which measures service revenue per customer; cost per gross customer addition (CPGA),

which measures the average cost of acquiring a new customer; cash costs per user per month (CCU), which measures the non-selling cash cost of operating our business on a per customer basis; and churn, which measures turnover in our customer base. CPGA and CCU are non-GAAP financial measures. A non-GAAP financial measure, within the meaning of Item 10 of Regulation S-K promulgated by the Securities and Exchange Commission, is a numerical measure of a company s financial performance or cash flows that (a) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles in the consolidated balance sheet, consolidated statement of operations or consolidated statement of cash flows; or (b) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. See Reconciliation of Non-GAAP Financial Measures below for a reconciliation of CPGA and CCU to the most directly comparable GAAP financial measures.

ARPU is an industry metric that measures service revenue divided by the weighted average number of customers, divided by the number of months during the period being measured. Management uses ARPU to identify average revenue per customer, to track changes in average customer revenues over time, to help evaluate how changes in our business, including changes in our service offerings and fees, affect average revenue per customer, and to forecast future service revenue. In addition, ARPU provides management with a useful measure to compare our subscriber revenue to that of other wireless communications providers. We believe investors use ARPU primarily as a tool to track changes in our average revenue per customer and to compare our per customer service revenues to those of other wireless communications providers.

CPGA is an industry metric that represents selling and marketing costs and the gain or loss on sale of handsets (generally defined as cost of equipment less equipment revenue), excluding costs unrelated to initial customer acquisition, divided by the total number of gross new customer additions during the period being measured. Costs unrelated to initial customer acquisition include the revenues and costs associated with the sale of handsets to existing customers as well as costs associated with handset replacements and repairs (other than warranty costs which are the responsibility of the handset manufacturers). We deduct customers who do not pay their first monthly bill from our gross customer additions, which tends to increase CPGA because we incur the costs associated with this customer without receiving the benefit of a gross customer addition. Management uses CPGA to measure the efficiency of our customer acquisition efforts, to track changes in our average cost of acquiring new subscribers over time, and to help evaluate how changes in our sales and distribution strategies affect the cost-efficiency of our customer acquisition efforts. In addition, CPGA provides management with a useful measure to compare our per customer acquisition costs with those of other wireless communications providers. We believe investors use CPGA primarily as a tool to track changes in our average cost of acquiring new customers and to compare our per customer acquisition costs to those of other wireless communications providers.

CCU is an industry metric that measures cost of service, general and administrative costs, gain or loss on sale of handsets to existing customers and costs associated with handset replacements and repairs (other than warranty costs which are the responsibility of the handset manufacturers), divided by the weighted average number of customers, divided by the number of months during the period being measured. CCU does not include any depreciation and amortization expense. Management uses CCU as a tool to evaluate the non-selling cash expenses associated with ongoing business operations on a per customer basis, to track changes in these non-selling cash costs over time, and to help evaluate how changes in our business operations affect non-selling cash costs per customer. In addition, CCU provides management with a useful measure to compare our non-selling cash costs per customer with those of other wireless communications providers. We believe investors use CCU primarily as a tool to track changes in our non-selling cash costs over time and to compare our non-selling cash costs to those of other wireless communications providers.

Churn, an industry metric that measures customer turnover, is calculated as the net number of customers that disconnect from our service divided by the weighted average number of customers divided by the number of months during the period being measured. As noted above, customers who do not pay their first monthly bill are deducted from our gross customer additions; as a result, these customers are not included in churn. Management uses churn to measure our retention of customers, to measure changes in customer retention

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over time, and to help evaluate how changes in our business affect customer retention. In addition, churn provides management with a useful measure to compare our customer turnover activity to that of other wireless communications providers. We believe investors use churn primarily as a tool to track changes in our customer retention over time and to compare our customer retention to that of other wireless communications providers.

The following table shows metric information for 2004 and for the three months ended March 31, 2005:

	Three Months Ended				Year Ended	Three Months Ended
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004	December 31, 2004	March 31, 2005
			(As Restated)			
ARPU	$37.45	$37.28	$36.97	$37.29	$37.28	$39.03
CPGA	$ 124	$ 141	$ 141	$ 159	$ 142	$ 128
CCU	$20.08	$18.47	$18.38	$18.74	$18.91	$18.94
Churn	3.1%	3.7%	4.5%	4.1%	3.9%	3.3%

Summary of Quarterly Results of Operations

The following table presents the Predecessor and Successor Companies combined condensed consolidated quarterly statement of operations data for 2004 and for the three months ended March 31, 2005 (unaudited) (in thousands). It has been derived from our consolidated financial statements which have been restated for the interim periods for the one month ended July 31, 2004 and the two months ended September 30, 2004 to reflect adjustments that are further discussed in Note 2 to the audited annual consolidated financial statements included elsewhere in this prospectus. For purposes of this discussion, the financial data for the three months ended September 30, 2004 presented below represents the combination of the Predecessor and Successor Companies results for that period.

	Three Months Ended				
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004	March 31, 2005
			(As Restated)		
Revenues:					
Service revenues	$ 169,051	$ 172,025	$ 170,386	$ 172,636	$ 185,981
Equipment revenues	37,771	33,676	36,521	33,941	42,389
Total revenues	206,822	205,701	206,907	206,577	228,370
Operating expenses:					
Cost of service (exclusive of items shown separately below)	(48,000)	(47,827)	(51,034)	(46,275)	(50,197)
Cost of equipment	(43,755)	(40,635)	(44,153)	(51,019)	(49,178)
Selling and marketing	(23,253)	(21,939)	(23,574)	(23,169)	(22,995)
General and administrative	(38,610)	(33,922)	(30,689)	(35,403)	(36,035)
Depreciation and amortization	(75,461)	(76,026)	(55,554)	(45,777)	(48,104)
Impairment of long-lived assets and related charges		(360)	(266)		
Total operating expenses	(229,079)	(220,709)	(205,270)	(201,643)	(206,509)

	Three Months Ended				
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004	March 31, 2005
			(As Restated)		
Gains on sale of wireless licenses			532		
Operating income (loss)	(22,257)	(15,008)	2,169	4,934	21,861
Interest income			608	1,204	1,903
Interest expense	(1,823)	(1,908)	(6,009)	(11,049)	(9,123)
Other income (expense), net	19	(615)	458	(272)	(1,286)
Income (loss) before reorganization items and income taxes	(24,061)	(17,531)	(2,774)	(5,183)	13,355
Reorganization items, net	(2,025)	1,313	963,156		
Income (loss) before income taxes	(26,086)	(16,218)	960,382	(5,183)	13,355
Income taxes	(1,944)	(1,927)	(2,999)	(1,464)	(709)
Net income (loss)	$(28,030)	$(18,145)	$957,383	$ (6,647)	$12,646

Reconciliation of Non-GAAP Financial Measures

We utilize certain financial measures, as described above, that are calculated based on industry conventions and are not calculated based on GAAP. Certain of these financial measures are considered non-GAAP financial measures within the meaning of Item 10 of Regulation S-K promulgated by the SEC.

CPGA The following table reconciles total costs used in the calculation of CPGA to selling and marketing expense, which we consider to be the most directly comparable GAAP financial measure to CPGA. The financial data for the three months ended September 30, 2004 and for the year ended December 31, 2004 presented below represents the combination of the Predecessor and Successor Companies results for those periods (in thousands, except gross customer additions and CPGA):

	Three Months Ended				Year Ended	Three Months Ended
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004	December 31, 2004	March 31, 2005
			(As Restated)			
Selling and marketing expense	$ 23,253	$ 21,939	$ 23,574	$ 23,169	$ 91,935	$ 22,995
Plus cost of equipment	43,755	40,635	44,153	51,019	179,562	49,178
Less equipment revenue	(37,771)	(33,676)	(36,521)	(33,941)	(141,909)	(42,389)
Less net loss on equipment transactions unrelated to initial customer acquisition	(3,667)	(3,453)	(2,971)	(5,090)	(15,181)	(4,102)
Total costs used in the calculation of CPGA	$ 25,570	$ 25,445	$ 28,235	$ 35,157	$ 114,407	$ 25,772
Gross customer additions	206,941	180,128	200,315	220,484	807,868	201,467
CPGA	$ 124	$ 141	$ 141	$ 159	$ 142	$ 128

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CCU The following table reconciles total costs used in the calculation of CCU to cost of service, which we consider to be the most directly comparable GAAP financial measure to CCU. The financial data for the three months ended September 30, 2004 and for the year ended December 31, 2004 presented below represents the combination of the Predecessor and Successor Companies results for those periods (in thousands, except weighted-average number of customers and CCU):

	Three Months Ended				Year Ended	Three Months Ended
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004	December 31, 2004	March 31, 2005
			(As Restated)			
Cost of service	$ 48,000	$ 47,827	$ 51,034	$ 46,275	$ 193,136	$ 50,197
Plus general and administrative expense	38,610	33,922	30,689	35,403	138,624	36,035
Plus net loss on equipment transactions unrelated to initial customer acquisition	3,667	3,453	2,971	5,090	15,181	4,012
Total costs used in the calculation of CCU	$ 90,277	$ 85,202	$ 84,694	$ 86,768	$ 346,941	$ 90,244
Weighted-average number of customers	1,498,449	1,537,957	1,536,314	1,543,362	1,529,020	1,588,372
CCU	$ 20.08	$ 18.47	$ 18.38	$ 18.74	$ 18.91	$ 18.94

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and short-term investments, cash generated from operations, and cash available from borrowings under our revolving credit facility. From time to time, we may also generate additional liquidity through the sale of assets that are not required for the ongoing operation of our business. We may also generate liquidity from offerings of debt and/or equity in the capital markets. At March 31, 2005, we had a total of $121.6 million in unrestricted cash, cash equivalents and short term investments. As of March 31, 2005, we also had restricted cash, cash equivalents and short-term investments of $30.9 million that included funds set aside or pledged to satisfy remaining administrative claims and priority claims against Leap and Cricket, and cash restricted for other purposes. We believe that our existing cash and investments, anticipated cash flows from operations, and available credit facilities will be sufficient to meet our operating and capital requirements through at least the next 12 months.

Operating Activities

Cash provided by operating activities was $190.4 million during the year ended December 31, 2004 compared to cash provided by operating activities of $44.4 million during the year ended December 31, 2003. The increase was primarily attributable to a decrease in the net loss, offset by adjustments for non-cash items including depreciation, amortization and non-cash interest expense of $92.0 million, a $55.6 million reduction in changes in working capital compared to the corresponding period of the prior year and a decrease of $109.6 million in cash used for reorganization activities. Cash used for reorganization items consisted primarily of a cash payment to the Leap Creditor Trust in accordance with the Plan of Reorganization of $1.0 million and payments of $8.0 million for professional fees for legal, financial advisory and valuation services directly associated with our Chapter 11 filings and reorganization process, offset by $2.0 million of cash received from vendor settlements (net of cure payments) made in connection with assumed and settled executory contracts and leases, and $1.5 million of interest income earned while the Company was in bankruptcy.

Cash provided by operating activities was $23.5 million during the three months ended March 31, 2005 compared to $40.8 million during the three months ended March 31, 2004. The decrease was primarily attributable to the timing of payments on accounts payable and interest payments on Cricket s 13% senior secured pay-in-kind notes and the FCC debt, partially offset by higher net income (net of depreciation and amortization expense) in the three months ended March 31, 2005.

Investing Activities

Cash used in investing activities was $96.6 million during the year ended December 31, 2004 and consisted primarily of the sale and maturity of investments of $90.8 million, a net decrease in restricted investments of $22.3 million and net proceeds from the sale of wireless licenses of $2.0 million, offset by the purchase of investments of $134.5 million and the purchase of property and equipment of $77.2 million.

Cash used in investing activities was $221.6 million during the three months ended March 31, 2005 compared to $30.4 million during the three months ended March 31, 2004. This increase was due primarily to payments by subsidiaries of Cricket and ANB 1 of the purchase price of wireless licenses totaling $212.1 million.

Financing Activities

Cash used in financing activities during the year ended December 31, 2004 was $36.7 million which consisted of the partial repayment of the FCC debt upon our emergence from bankruptcy.

Cash provided by financing activities during the three months ended March 31, 2005 was $79.2 million, which consisted of borrowings under our new term loan of $500.0 million, less amounts which were used to repay the FCC debt of $40.0 million, to repay the pay-in-kind notes of $372.7 million, to make a quarterly payment under the new term loan of $1.3 million and to pay debt financing costs of $6.8 million.

New Credit Agreement

On January 10, 2005, we entered into a new senior secured Credit Agreement with a syndicate of lenders and Bank of America, N.A. (as administrative agent and letter of credit issuer).

The facilities under the new Credit Agreement consist of a six-year $500 million term loan, which was fully drawn at closing, and an undrawn five-year $110 million revolving credit facility. Under the Credit Agreement, the term loan bears interest at LIBOR plus 2.5 percent, with interest periods of one, two, three or six months, or bank base rate plus 1.5 percent, as selected by Cricket. Outstanding borrowings under the term loan must be repaid in 20 quarterly payments of $1.25 million each, commencing March 31, 2005, followed by four quarterly payments of $118.75 million each, commencing March 31, 2010. The maturity date for outstanding borrowings under the revolving credit facility is January 10, 2010. The commitment of the lenders under the $110 million revolving credit facility may be reduced in the event mandatory prepayments are required under the Credit Agreement and by one-twelfth of the original aggregate revolving credit commitment on January 1, 2008 and by one-sixth of the original aggregate revolving credit commitment on January 1, 2009 (each such amount to be net of all prior reductions) based on certain leverage ratios and other tests. The commitment fee on the revolving credit facility is payable quarterly at a rate of 1.0 percent per annum when the utilization of the facility (as specified in the Credit Agreement) is less than 50 percent and at 0.75 percent per annum when the utilization exceeds 50 percent. Borrowings under the revolving credit facility will accrue interest at LIBOR plus 2.5 percent, with interest periods of one, two, three or six months, or bank base rate plus 1.5 percent, as selected by Cricket, with the rate subject to adjustment based on our leverage ratio. The new credit facilities are guaranteed by Leap and all of its direct and indirect domestic subsidiaries (other than Cricket, which is the primary obligor, ANB 1 and ANB 1 License) and are secured by all present and future personal property and owned real property of Leap, Cricket and such direct and indirect domestic subsidiaries.

A portion of the proceeds from the term loan borrowing was used to redeem Cricket s $350 million 13% senior secured pay-in-kind notes, to pay approximately $43 million of call premium and accrued interest on such notes, to repay approximately $41 million in principal amount of debt and accrued interest owed to the FCC, and to pay transaction fees and expenses. The remaining proceeds from the term loan borrowing of approximately $60 million will be used for general corporate purposes.

Under the Credit Agreement, we are subject to certain limitations, including limitations on our ability: (1) to incur additional debt or sell assets, with restrictions on the use of proceeds; (2) to make certain investments and acquisitions; (3) to grant liens; and (4) to pay dividends and make certain other restricted payments. In addition, we will be required to pay down the facilities under certain circumstances if we issue

debt or equity, sell assets or property, receive certain extraordinary receipts or generate excess cash flow (as defined in the Credit Agreement). We are also required to maintain compliance with financial covenants which include a minimum interest coverage ratio, a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum fixed charge coverage ratio.

Affiliates of Highland Capital Management, L.P. (a beneficial shareholder of Leap and an affiliate of James D. Dondero, a director of Leap) participated in the syndication of our new Credit Agreement in the following initial amounts: $100 million of the $500 million term loan and $30 million of the $110 million revolving credit facility.

On April 15, 2005, we obtained a waiver of certain defaults and potential defaults under the Credit Agreement. We had not completed the preparation of our audited financial statements for the year ended December 31, 2004 by March 31, 2005 and, as a result, we were not able to deliver such financial statements to the administrative agent under the Credit Agreement by such date. The failure to deliver such financial statements by March 31, 2005 was a default under the Credit Agreement. Accordingly, we requested and received from the required lenders under the Credit Agreement a waiver of our obligation to provide such audited financial statements to the administrative agent until May 16, 2005. The waiver also extended our obligation to provide our unaudited financial statements for the quarter ended March 31, 2005 to the administrative agent until June 15, 2005, and waived any default under the Credit Agreement if we amended our financial statements for the fiscal quarter ended September 30, 2004 or for any earlier period, provided certain conditions were met. We have met all of the requirements of the waiver in a timely manner.

Capital Expenditures and Other Asset Acquisitions and Dispositions

During the year ended December 31, 2004 and the three months ended March 31, 2005, we incurred approximately $77.2 million and $24.5 million in capital expenditures, respectively. We currently expect to incur between $175 million and $230 million in capital expenditures for the year ending December 31, 2005, primarily for maintenance and improvement of our existing wireless networks, for the build-out and launch of the Fresno, California market and the related expansion and network change-out of the Company s existing Visalia and Modesto/ Merced markets, for costs associated with the initial development of markets covered by licenses acquired by Cricket Licensee (Reauction), Inc. as a result of Auction #58 and for costs to be incurred by ANB 1 in connection with the initial development of licenses ANB 1 expects to acquire as a result of its participation in Auction #58. We expect to finance these $175 million to $230 million of capital expenditures with our existing cash, cash equivalents and short-term investments, cash obtained from borrowings under our revolving credit facility and cash generated from operations and sales of assets.

On June 24, 2005, Cricket completed its purchase of a wireless license to provide service in Fresno, California and related assets for approximately $27.6 million (of which $1.8 million was paid as a deposit and classified in deposits for wireless licenses as of March 31, 2005 and December 31, 2004). Although opposed by a third party, the FCC approved the transfer of this license on May 13, 2005. The FCC s order approving the transfer was challenged by the third party on June 13, 2005, and we intend to vigorously defend against such challenge. We have invested significant resources in building out this market, and we expect to launch our service in Fresno in the second half of 2005.

In February 2005, our wholly owned subsidiary, Cricket Licensee (Reauction), Inc., was named the winning bidder in the FCC s Auction #58 for four wireless licenses covering approximately 11.1 million potential customers. In March 2005, we paid $151.9 million to the FCC, increasing the total amount paid to the FCC for Auction #58 to $166.9 million, the aggregate purchase price for the four licenses. The FCC approved the grant of these licenses on May 13, 2005.

ANB 1 s wholly owned subsidiary, Alaska Native Broadband 1 License, LLC, or ANB 1 License, was named the winning bidder in Auction #58 for nine wireless licenses covering approximately 10.1 million potential customers. In March 2005, we made a $3.0 million equity contribution to ANB 1, which in turn contributed such amounts to ANB 1 License. Also in March 2005, we made loans under our senior secured credit facility with ANB 1 License in the aggregate amount of $56.2 million. ANB 1 License paid such monies to the FCC, together with a $1.0 million equity contribution from its controlling member, Alaska Native

Broadband, LLC, to increase its total amounts paid to the FCC to $68.2 million, the aggregate purchase price for the nine licenses. Under our senior secured credit facility with ANB 1 License, as amended, we have committed to loan ANB 1 License up to $24.8 million in additional funds to finance its initial build-out costs and working capital requirements. However, ANB 1 License will need to obtain additional capital from Cricket or another third party well in excess of such amounts to build out and launch its networks.

We currently expect to build out and launch commercial operations in the markets covered by the licenses we have acquired as a result of Auction #58. Pursuant to a management services agreement, we are also providing services to ANB 1 License with respect to planning for the build-out and launch of the licenses it expects to acquire in connection with Auction #58. See Business Arrangements with Alaska Native Broadband below for further discussion of our arrangements with Alaska Native Broadband. We expect that we will seek additional capital to increase our liquidity and help assure we have sufficient funds for the build-out and initial operation of our planned new markets and to finance the build-out and initial operation of the licenses that ANB 1 License expects to acquire.

In March 2005, subsidiaries of Leap signed an agreement to sell 23 operating and non-operating wireless licenses and substantially all of the operating assets in our Michigan markets for up to $102.5 million. Completion of the transaction is subject to FCC approval and other customary closing conditions, including obtaining third party consents and finalizing a transition services agreement. On June 22, 2005, the FCC granted its approval of the transaction. The FCC s approval may be subject to reconsideration or review until August 8, 2005. Although we expect to satisfy the closing conditions, we cannot assure you that such conditions will be satisfied. The transaction is expected to be completed in the near future. Due to the relatively small size of the Michigan operating markets as compared to our remaining operating markets, this sale is not expected to have a material impact on the Company s revenues, operating income or cash flows from operations.

In March 2005, we also announced an agreement for the sale of approximately 140 cell towers and cell tower related assets for approximately $18 million. Under the agreement, we will lease back space at the tower sites for our networks. The closing of the sale is subject to the purchaser s completion of due diligence and other conditions customary for a sale of this type.

Certain Contractual Obligations, Commitments and Contingencies

The table below summarizes information as of March 31, 2005 regarding certain future minimum contractual obligations for Leap and Cricket for the next five years and thereafter (in thousands):

			Year Ended December 31,				
	Total	**Remainder of 2005**	**2006**	**2007**	**2008**	**2009**	**Thereafter**
Long-term debt(1)	$498,750	$ 3,750	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$475,000
Fresno license purchase(2)	25,800	25,800					
Origination fees for ANB 1 investment	5,280	5,280					
Operating leases	216,501	41,847	36,701	21,289	18,751	16,303	81,610
Total	$746,331	$76,677	$41,701	$26,289	$23,751	$21,303	$556,610

(1) Amounts shown for Cricket s term loan under the new credit facilities executed on January 10, 2005 include principal only.

(2) On June 24, 2005, Cricket completed its purchase of a wireless license in Fresno, California and related assets for approximately $27.6 million (of which approximately $1.8 million was previously paid as a deposit).

The table above does not include the following contractual obligations relating to ANB 1, a company which we consolidate under FASB Interpretation No. 46-R: (1) Cricket s obligation to loan to ANB 1 License up to $4.5 million to finance its initial build-out costs and working capital requirements, which commitment remained undrawn at March 31, 2005, and which was increased to an aggregate of $24.8 million in June 2005, and (2) Cricket s obligation to pay $2.0 million to ANB if ANB exercises its right to sell its membership interest in ANB 1 to Cricket following the initial build-out of ANB 1 License s wireless licenses.

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Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at March 31, 2005.

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements which have been prepared in accordance with GAAP. These principles require us to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition and the valuation of long-lived and intangible assets. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results may differ from our estimates. We believe that the following significant accounting policies and estimates involve a higher degree of judgment and complexity than others.

Revenues and Cost Recognition

Cricket s business revenues arise from the sale of wireless services, handsets and accessories. Wireless services are generally provided on a month-to-month basis. Amounts received in advance for wireless services from customers who pay in advance are initially recorded as deferred revenues and are recognized as service revenue as services are rendered. Service revenues for customers who pay in arrears are recognized only after the service has been rendered and payment has been received. This is because we do not require any of our customers to sign long-term service commitments or submit to a credit check, and, as a result, some of our customers may be more likely to terminate service for inability to pay than the customers of other wireless providers. We also charge customers for service plan changes, activation fees and other service fees. Revenues from service plan change fees are deferred and recorded to revenue over the estimated customer relationship period, and other service fees are recognized when received. Activation fees are allocated to the other elements of the multiple element arrangement (including service and equipment) on a relative fair value basis. Because the fair values of our handsets are higher than the total consideration received for the handsets and activation fees combined, we allocate the activation fees entirely to equipment revenues and recognize the activation fees when received. Direct costs associated with customer activations are expensed as incurred. Cost of service generally includes direct costs and related overhead, excluding depreciation and amortization, of operating our networks.

Equipment revenues arise from the sale of handsets and accessories, and activation fees as described above. Revenues and related costs from the sale of handsets are recognized when service is activated by customers. Revenues and related costs from the sale of accessories are recognized at the point of sale. The costs of handsets and accessories sold are recorded in cost of equipment. Amounts due from third-party dealers and distributors for handsets are recorded as deferred revenue upon shipment of the handsets by us to such dealers and distributors and are recognized as equipment revenues when service is activated by customers. Handsets sold by third-party dealers and distributors are recorded as inventory until they are sold to and activated by customers. Sales incentives offered without charge to customers and volume-based incentives paid to our third-party dealers and distributors are recognized as a reduction of revenue and as a liability when the related service or equipment revenue is recognized. Customers have limited rights to return handsets and accessories based on time and/or usage. Returns of handsets and accessories have historically been insignificant.

Wireless Licenses

Wireless licenses are initially recorded at cost (i.e., the purchase price paid for the wireless licenses at the time of acquisition, together with other capitalized costs including legal costs and microwave relocation costs). We have determined that our wireless licenses meet the definition of indefinite-lived intangible assets under SFAS No. 142 because we expect to continue to provide wireless service using the relevant licenses for the foreseeable future and the wireless licenses may be renewed every ten years for a nominal fee, provided that

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we continue to meet the service and geographic coverage provisions required by the FCC. Therefore, upon the adoption of SFAS No. 142 on January 1, 2002, we ceased amortizing our wireless license costs.

Goodwill and Other Intangible Assets

Goodwill represents the excess of reorganization value over the fair value of identified tangible and intangible assets recorded in connection with fresh-start accounting. Other intangible assets were recorded upon adoption of fresh-start accounting and consist of customer relationships and trademarks, which are being amortized on a straight-line basis over their estimated useful lives of four and fourteen years, respectively.

Impairment of Indefinite-Lived Intangible Assets

In accordance with SFAS No. 142, we assess potential impairments to our indefinite-lived intangible assets, including goodwill and wireless licenses, annually and when there is evidence that events or changes in circumstances indicate that an impairment condition may exist. We have chosen to conduct our annual test for impairment during the third quarter of each year. An impairment loss is recognized when the fair value of the asset is less than its carrying value, and would be measured as the amount by which the asset s carrying value exceeds its fair value. Any required impairment loss would be recorded as a reduction in the carrying value of the related asset and charged to results of operations.

We previously adopted EITF Issue No. 02-07, Unit of Accounting for Testing Impairment of Indefinite-Lived Intangible Assets. EITF Issue No. 02-07 requires that separately recorded indefinite-lived intangible assets be combined into a single unit of accounting for purposes of testing impairment if they are operated as a single asset and, as such, are essentially inseparable from one another. Management concluded that our wireless licenses in our operating markets should be combined into a single unit of accounting because these wireless licenses as a group represent the highest and best use of the assets, and that the value of the wireless licenses would not be significantly impacted by a sale of one or a portion of the wireless licenses, among other factors.

Impairment of Long-Lived Assets

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, we assess potential impairments to our long-lived assets, including property and equipment and certain intangible assets, when there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss may be required to be recognized when the undiscounted cash flows expected to be generated by a long-lived asset (or group of such assets) is less than its carrying value. Any required impairment loss would be measured as the amount by which the asset s carrying value exceeds its fair value and would be recorded as a reduction in the carrying value of the related asset and charged to results of operations.

Income Taxes

We calculate income tax expense for each jurisdiction in which we operate. This process involves calculating the actual current tax liability together with deferred income taxes associated with temporary differences resulting from differing treatments of items for tax and accounting purposes. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income. To the extent that we believe that recovery is not likely, we must establish a valuation allowance. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. We have recorded a full valuation allowance on our net deferred tax asset balances for all periods presented because of our history of losses and due to uncertainties related to utilization of deferred tax assets. At such time as we determine that it is more likely than not that our deferred tax assets are realizable, our valuation allowance will be reduced with a corresponding offset to goodwill.

Recent Accounting Pronouncements

In December 2004, the FASB issued Statement No. 123R, Share-Based Payment, which revises SFAS No. 123. SFAS No. 123R requires that a company measure the cost of equity-based service awards

based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized as compensation expense over the period during which an employee is required to provide service in exchange for the award or the requisite service period (usually the vesting period). No compensation expense is recognized for the cost of equity-based awards for which employees do not render the requisite service. A company will initially measure the cost of each liability based service award based on the award s initial fair value; the fair value of that award will be remeasured subsequently at each reporting date through the settlement date. Changes in fair value during the requisite service period will be recognized as compensation expense over that period. The grant-date fair value of employee stock options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments. If an equity-based award is modified after the grant date, incremental compensation expense will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Adoption of SFAS No. 123R is required for our first quarter beginning January 1, 2006. We have not yet determined the impact that the adoption of SFAS No. 123R will have on our consolidated financial position or our results of operations.

On December 15, 2004 the FASB issued Statement No. 153, Exchanges of Nonmonetary Assets, and amended Accounting Principles Board Opinion No. 29, Accounting for Nonmonetary Transactions. SFAS No. 153 is based on the principle that nonmonetary asset exchanges should be recorded and measured at the fair value of the assets exchanged, with certain exceptions. This standard requires exchanges of productive assets to be accounted for at fair value, rather than at carryover basis, unless (1) neither the asset received nor the asset surrendered has a fair value that is determinable within reasonable limits or (2) the transactions lack commercial substance (as defined). In addition, the Board decided to retain the guidance in APB 29 for assessing whether the fair value of a nonmonetary asset is determinable within reasonable limits. Adoption of SFAS No. 153 is required for nonmonetary exchanges occurring in the third quarter beginning July 1, 2005. We have not yet determined the impact that the adoption of SFAS No. 153 will have on our consolidated financial position or our results of operations.

In March 2004, the FASB ratified the consensus of the EITF regarding the recognition and measurement of other-than temporary impairments of certain investments. The effective date of the recognition and measurement guidance in EITF Issue No. 03-01, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments, has been delayed until the implementation guidance provided by a FASB staff position on the issue has been finalized. The disclosure guidance was unaffected by the delay and is effective for fiscal years ending after June 15, 2004. We implemented the disclosure provisions of EITF Issue No. 03-01 in our annual financial statements for the fiscal year ended December 31, 2004 and do not anticipate that the implementation of the recognition and measurement guidance, when released, will have a material effect on our consolidated financial position or our results of operations.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk. Pursuant to our Plan of Reorganization, we emerged from bankruptcy with fixed rate debt only. On January 10, 2005 we refinanced our fixed rate debt with floating rate debt. As a result, changes in interest rates would not significantly affect the fair value of the debt. The terms of the Credit Agreement require that we enter into interest rate hedging agreements in an amount equal to at least 50% of our outstanding indebtedness. In accordance with this requirement, we entered into interest rate swap agreements with respect to $250 million of our debt in April 2005. The swap agreements effectively fix the interest rate on $250 million of our debt at 6.7% through June 2007.

As of March 31, 2005, our outstanding floating rate debt totaled $248.8 million. The primary base interest rate is the three month LIBOR. Assuming the outstanding balance on the new floating rate debt remains constant over a year, a 100 basis point increase in the interest rate would decrease pre-tax income and cash flow, net of the effect of the swap, by $2.5 million.

Hedging Policy. Leap s policy is to maintain interest rate hedges when required by credit agreements. Leap does not currently engage in any hedging activities against foreign currency exchange rates.

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BUSINESS

Leap Wireless International, Inc., or Leap, together with its wholly owned subsidiaries, is a wireless communications carrier that offers digital wireless service in the United States of America under the brand Cricket® . Leap conducts operations through its subsidiaries; Leap has no independent operations or sources of operating revenue other than through dividends and distributions, if any, from its operating subsidiaries. Cricket service is operated by Leap s wholly owned subsidiary, Cricket Communications, Inc. (Cricket). Leap, Cricket and their subsidiaries are collectively referred to in this prospectus as the Company.

Leap was formed in 1998 by Qualcomm Incorporated, or Qualcomm. Qualcomm distributed the common stock of Leap in a spin-off distribution to Qualcomm s stockholders in September 1998. Under a license from Leap, the Cricket service was first introduced in Chattanooga, Tennessee in March 1999 by Chase Telecommunications, Inc., a company that Leap acquired in March 2000.

On April 13, 2003, or the Petition Date, Leap, Cricket and substantially all of their subsidiaries filed voluntary petitions for relief under Chapter 11 in the U.S. Bankruptcy Court for the Southern District of California, or the Bankruptcy Court. Our Fifth Amended Joint Plan of Reorganization, or Plan of Reorganization, was confirmed by the Bankruptcy Court on October 22, 2003. On August 5, 2004, all material conditions to the effectiveness of our Plan of Reorganization were resolved and, on August 16, 2004, the Plan of Reorganization became effective. On that date, Leap, Cricket and each of their subsidiaries that filed for Chapter 11 relief emerged from bankruptcy. In connection with the Plan of Reorganization, a new Board of Directors of Leap was appointed, Leap s previously issued stock, options and warrants were cancelled, and Leap issued 60 million shares of new Leap common stock for distribution to two classes of creditors. For a description of our bankruptcy proceedings, see Chapter 11 Proceedings Under the Bankruptcy Code below.

Cricket Business Overview

Cricket Service

We conduct our business primarily through Cricket. Cricket provides mobile wireless services targeted to meet the needs of customers who are under-served by traditional communications companies. Cricket operates in 39 markets in 20 states stretching from New York to California. At March 31, 2005, we had approximately 1,615,000 customers and the total potential customer base covered by our networks in our 39 operating markets was approximately 26.7 million.

In May 2005, a wholly owned subsidiary of Cricket acquired from the FCC four wireless licenses covering approximately 11.1 million potential customers, after being named the winning bidder for such licenses in the FCC s Auction #58. We currently expect to build out and launch commercial operations in the markets covered by these licenses and are developing plans for such build-outs. In addition, a subsidiary of Alaska Native Broadband 1, LLC, an entity in which we own a 75% non-controlling interest and which is referred to in this prospectus as ANB 1, was the winning bidder in Auction #58 for nine wireless licenses covering approximately 10.1 million potential customers. The transfers of these wireless licenses to ANB 1 s subsidiary are subject to FCC approval. Although we expect that such approvals will be issued in the normal course, we cannot assure you that the FCC will grant such approvals.

In March 2005, subsidiaries of Leap signed an agreement to sell 23 operating and non-operating wireless licenses and substantially all of the operating assets in our Michigan markets for up to $102.5 million. We have not launched commercial operations in most of the markets covered by the licenses to be sold. Completion of the transaction is subject to FCC approval and other customary closing conditions. On June 22, 2005, the FCC granted its approval of the transaction. The FCC s approval may be subject to reconsideration or review until August 8, 2005. Although we expect to satisfy the closing conditions, we cannot assure you that such conditions will be satisfied. If this sale is completed, we would own wireless licenses covering approximately 60.2 million potential customers, including the licenses we acquired in Auction #58 and the license we recently acquired in Fresno, California.

Our service allows customers to make and receive virtually unlimited calls within a local calling area and receive virtually unlimited calls from any area for a flat monthly rate. Cricket customers may sign up for additional

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feature packages and may also make long distance calls on a per-minute basis or as part of packaged offerings. In addition to our basic Cricket service, we also offer a plan that bundles domestic long distance at a higher price. Additionally, we offer a premium plan, which includes virtually unlimited local and domestic long distance service, and virtually unlimited use of multiple calling features and messaging services for a flat rate. We also offer a plan that provides discounts on additional lines of service that are added to an existing qualified account.

Our business model is different from most other wireless cellular and PCS business models. Most other wireless cellular and PCS service providers offer consumers a complex array of rate plans that typically include additional charges for minutes above a set maximum. This approach may result in monthly service charges that are higher than their customers expect. We have designed the Cricket service to appeal to consumers who value virtually unlimited mobile calling with a predictable monthly bill, and who make the majority of their calls from within their local areas. We recently introduced an away-from-home calling option (roaming) for our customers who occasionally travel away from their home calling area.

Commencing in the second quarter of 2004, we began upgrading our networks to permit us to offer our customers a number of additional features to enhance the Cricket service. These enhancements, which are now available in most of our markets, include games and applications that utilize the BREW (a registered trademark of Qualcomm) handset application software platform, improved data services, and customized ringtones. Early in 2005, we expanded our available international long distance destinations to many additional countries and enhanced our product portfolio by adding instant messaging and multimedia (picture) messaging.

In addition, in March 2005, we launched our first per-minute prepaid service, Jump™ by Cricket, to bring Cricket s value proposition to customers who prefer active control over their wireless usage. Our Jump service allows customers to place local as well as domestic and international long distance calls to more than 70 countries at per-minute costs that are among the lowest in the industry. Unlike most other prepaid wireless offerings, Cricket s Jump service prepaid customers can also receive free unlimited inbound calls as long as there is a balance in their prepaid account. Jump service prepaid customers also receive voicemail, caller ID, call waiting, and three-way calling at no additional charge.

Cricket Business Strategy

Simple, Understandable Service. Our innovative Cricket service is designed to attract new customers by removing the price and complexity barriers that we believe have prevented many potential customers from using wireless service. We believe many potential customers view wireless service as expensive, feel that they cannot control the cost of service, or find existing service offerings too confusing. As a result, our service plans are designed to attract customers by offering simple, predictable and affordable wireless services that are a competitive alternative to traditional wireless and landline services. In addition, Cricket does not require credit checks or term commitments with early termination fees for customers subscribing to its service.

Appealing Value Proposition. Our offerings combine high quality service in simple packages at highly competitive prices that provide a high value/low price proposition for customers. We continually focus on enhancing our Cricket service with new offerings to meet the needs of our growing customer base.

Control and Minimize Costs. To become one of the lowest cost providers in the industry, we minimize our capital costs by engineering high-quality, efficient networks that cover only the urban and suburban areas of our markets where most of our potential customers live, work and play, while avoiding rural areas and corridors between markets. This strategy allows us to realize higher utilization rates on our networks for more efficient use of network capital and also reduces our network operating costs. In addition, this strategy allows us to more efficiently purchase wireless licenses for new markets because it allows us to acquire only those wireless licenses that we deem to be appropriately priced and to avoid acquiring wireless licenses simply to provide continuous geographic coverage across broad areas. We also reduce our general operating costs through streamlined billing procedures and the control of customer care expenses. In addition, we are focused on streamlining marketing and distribution operations and maintaining lower customer acquisition costs. These strategies allow us to be a low-cost provider of wireless services in each of our markets.

Leverage CDMA Technology. We have deployed numerous state-of-the-art CDMA networks that deliver high capacity and outstanding quality and that can be easily upgraded to support enhanced capacity. We believe this enables us to operate superior networks that support planned customer growth and high usage. In addition, we believe our CDMA networks provide a better platform than competing technologies to expand into other wireless services based on advances in digital technology in the future.

Strategic Expansion. We intend to seek additional opportunities for market expansion, with our selection of potential new markets based upon our evaluation of criteria such as: (1) does the market enhance an existing Cricket market cluster; (2) does the market satisfy internally developed criteria that indicate attractive penetration potential; and (3) does the market contain sufficient population density for Cricket to offer services on a cost competitive basis. The Fresno, California license we recently acquired and the licenses we acquired in Auction #58 reflect this expansion strategy.

Cricket Business Operations

Market Opportunity. Wireless penetration was approximately 62% in the U.S. as of December 31, 2004. The majority of existing wireless customers in the U.S. subscribe to post-pay services that require credit approval and a contractual commitment from the subscriber for a period of one year or greater. Those customers typically use 700 minutes per month on plans that have price penalties for minutes used in excess of the amount allocated as their monthly limit. Cricket service does not require a credit check or long-term service commitment, and Cricket s customers use an average of 1,500 minutes per month on plans that do not have monthly usage limits for calls within a customer s home calling area. Cricket believes, and industry analysis indicates, that consumers who are not likely to meet credit approval or enter into long-term contractual commitments represent a large portion of the remaining growth potential in the U.S. wireless market. The highest rate of growth in the U.S. wireless market in 2004 occurred in the prepaid segment, where customers do not submit to credit checks or sign long-term commitments. Cricket believes that its strategy of not requiring credit approvals or long-term commitments, along with the value pricing associated with its unlimited plans, positions Cricket well for continued growth.

Sales and Distribution. Cricket s approach is to continue increasing existing market penetration while minimizing expenses associated with sales, distribution and marketing by focusing on improving the sales process for customers and by offering easy to understand service plans and attractive handset pricing and promotions. Cricket s service and its wireless handsets are sold through three main channels: Cricket s own retail locations and kiosks (the direct channel); Cricket authorized dealers and distributors, including local market authorized dealers, national retail chains and distributors (the indirect channel); and Cricket s own website and Internet dealers (the web channel). Cricket s direct channel sells approximately 35% of the new Cricket handsets sold, while Cricket s indirect channel and web channel generate the other 65% of sales. For Cricket, the costs of sales by the indirect and web channels are largely variable costs, while the operation of our direct channel locations involves substantial fixed costs.

Cricket s service plans are designed so that a potential customer can make a purchase decision with little or no sales assistance. Customers can read about the Cricket service at the point of sale and learn virtually all they need to know about the service without consulting a complicated plan summary or a specialized salesperson. We believe our sales costs are lower than traditional wireless providers in part because of this streamlined sales approach.

We combine mass and local marketing strategies and tactics to build brand awareness of the Cricket service within the communities we serve. In order to reach our target segments, we advertise primarily on radio stations and, to a lesser extent, in local publications and television commercials. We also maintain a Cricket website (*www.mycricket.com*) for informational, e-commerce, and customer service purposes. The information contained in, or that can be accessed through, this website is not part of this prospectus. Some third-party Internet retailers sell the Cricket service over the Internet and, together with one such retailer, we have also developed and launched Internet sales on our Cricket website. As a result of these marketing strategies and our unlimited calling value proposition, we believe our expenditures on advertising are generally at much lower levels than those of traditional wireless carriers. Our customer acquisition cost, or CPGA, is

one of the lowest in the industry. See Management s Discussion and Analysis of Financial Condition and Results of Operations Performance Measures, contained elsewhere in this prospectus.

Network and Operations. Cricket s service is based on providing customers with levels of usage equivalent to landline service at prices substantially lower than most of our wireless competitors for similar usage. We believe our success depends on operating our CDMA networks to provide high, concentrated capacity with good in-building coverage rather than the broad, geographically dispersed coverage provided by traditional wireless carriers. The appeal of our service in any given market is not dependent on the Cricket service having ubiquitous coverage in the rest of the country or in regions surrounding our markets. Many of our Cricket networks are in local population centers of self-contained communities where we believe roaming is not an important component of wireless service for our existing target customers. We believe that we can deploy our capital more efficiently by tailoring our networks only to our target population centers and by omitting underutilized cell sites that connect those population centers. We engage an independent third party to test the network call quality offered by Cricket and its competitors. According to the most current results, Cricket regularly ranks first or second in network quality within its core market footprints.

Capital Requirements and Projected Investments. A Leap subsidiary was the winning bidder in FCC s Auction #58 for four wireless licenses covering approximately 11.1 million potential customers. We currently plan to build-out and launch commercial operations in these markets. Pursuant to a management services agreement, we are also providing services to ANB 1 License with respect to planning for the build-out and launch of the nine licenses it expects to acquire in connection with Auction #58. We expect that we will seek additional capital to increase our liquidity and help assure we have sufficient funds for the build-out and initial operation of our planned new markets and to finance the build-out and initial operation of the licenses that ANB 1 License expects to acquire. For a more detailed description of our capital requirements and liquidity, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources contained elsewhere in this prospectus.

Chapter 11 Proceedings Under the Bankruptcy Code

Plan of Reorganization

On April 13, 2003, Leap, Cricket and substantially all of their subsidiaries filed voluntary petitions for relief under Chapter 11 in the United States Bankruptcy Court for the Southern District of California (jointly administered as Case Nos. 03-03470-A11 to 03-03535-A11). While reorganizing under Chapter 11, each of the debtors continued to manage its properties and operate its business as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with Sections 1107(a) and 1108 of Chapter 11. Our Plan of Reorganization was confirmed by the Bankruptcy Court on October 22, 2003. On August 5, 2004, we received the regulatory approvals from the FCC required for our emergence from bankruptcy. Leap and Cricket satisfied the remaining conditions to the Plan of Reorganization, and the Plan of Reorganization became effective, on August 16, 2004, which we refer to as the Effective Date.

Our Plan of Reorganization implemented a comprehensive financial reorganization that significantly reduced our outstanding indebtedness. On the Effective Date of the Plan of Reorganization, our long-term debt was reduced from a book value of more than $2.4 billion to debt with an estimated fair value of approximately $412.8 million, consisting of Cricket 13% senior secured pay-in-kind notes due 2011 with a face value of $350 million and an estimated fair value of $372.8 million, issued on the Effective Date, and approximately $40 million in principal amount of remaining indebtedness to the FCC (net of the repayment of $45 million of principal and accrued interest to the FCC on the Effective Date). We entered into new syndicated senior secured credit facilities in January 2005, and we used a portion of the proceeds from the $500 million term loan included as a part of such facilities to redeem Cricket s 13% senior secured pay-in-kind notes, to repay our remaining approximately $41 million of outstanding indebtedness and accrued interest to the FCC and to pay transaction fees and expenses of $6.4 million. The balance of the proceeds of approximately $60 million will be used for general corporate purposes. For a description of the terms of the revolving credit facility and term loan under the Credit Agreement, see Management s Discussion and Analysis of Financial Condition and Results of Operations New Credit Agreement.

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The following is a summary of the material actions that occurred as of the Effective Date of the Plan of Reorganization:

A new board of directors of Leap was appointed.

All of the outstanding shares of Leap common stock, warrants and options were cancelled. The holders of Leap common stock, warrants and options did not receive any distributions under the Plan of Reorganization.

Leap issued 60 million shares of new Leap common stock for distribution to two classes of our creditors, as described below. Leap also issued warrants to purchase 600,000 shares of new Leap common stock pursuant to a settlement agreement.

The holders of Cricket s senior secured vendor debt claims received, on a pro rata basis, 96.5% of the issued and outstanding shares of new Leap common stock, or an aggregate of 57.9 million shares, as well as new Cricket 13% senior secured pay-in-kind notes due 2011. The notes were guaranteed by Leap and its direct and indirect domestic subsidiaries and secured by all of their personal property and owned real property. Cricket redeemed these notes in January 2005.

The Leap Creditor Trust, which was formed for the benefit of Leap s general unsecured creditors as contemplated by the Plan of Reorganization, received 3.5% of the issued and outstanding shares of new Leap common stock, or 2.1 million shares, for distribution to holders of allowed Leap general unsecured claims on a pro rata basis. Leap also transferred other assets as specified in the Plan of Reorganization, which were to be liquidated by the Leap Creditor Trust, with the cash proceeds from such liquidation to be distributed to the holders of allowed Leap general unsecured claims. These other assets included a $35 million note receivable from Endesa, S.A., currently in litigation in Chile, nine wireless licenses with a net book value of approximately $1.1 million at August 16, 2004, Leap s equity interest in IAT Communications, Inc., which had no carrying value at August 16, 2004, certain causes of action, and approximately $2.3 million of cash. Prior to August 16, 2004, Leap had transferred $68.8 million of funds to the Leap Creditor Trust to be distributed to holders of allowed Leap general unsecured claims.

Certain executory contracts and unexpired leases were assumed by the reorganized debtors, with reorganized Cricket responsible for paying the cure amounts associated with such contracts and leases.

The holders of general unsecured claims against Cricket and Leap s other direct and indirect subsidiaries received no distributions under the Plan of Reorganization.

All of the debtors pre-petition indebtedness, other than indebtedness owed to the FCC, was cancelled in full, including approximately $1.6 billion net book value of debt outstanding under Cricket s senior secured vendor credit facilities and approximately $738.2 million net book value of debt outstanding under Leap s 12.5% senior notes, or Senior Notes, 14.5% senior discount notes, or Senior Discount Notes, note payable to GLH, Inc. and Qualcomm term loan.

We paid the FCC approximately $36.7 million of unpaid principal and approximately $8.3 million of accrued interest in connection with the reinstatement of our FCC debt, and approximately $278,000 of unjust enrichment penalties. We agreed to repay the approximately $40 million remaining outstanding principal amount of FCC debt, plus accrued interest, in installments scheduled for April and July 2005. This remaining FCC debt was repaid in January 2005.

Leap entered into a Registration Rights Agreement with Highland Capital Management, L.P. (a beneficial stockholder of Leap and an affiliate of James D. Dondero, a director of Leap), and MHR Institutional Partners II LP and MHR Institutional Partners IIA LP (beneficial stockholders of Leap and affiliates of Dr. Mark H. Rachesky, a director of Leap) pursuant to which Leap granted demand registration rights to such entities and agreed to prepare and file a resale shelf registration statement relating to the shares of new Leap common stock received by such entities under the Plan of Reorganization, of which this prospectus forms a part.

Also, on the Effective Date of the Plan of Reorganization, Leap, Cricket and their subsidiaries implemented certain restructuring transactions intended to streamline their corporate structure. As a result, Leap owns 100% of the issued and outstanding shares of reorganized Cricket and certain other reorganized subsidiaries, and Cricket owns 100% of the issued and outstanding shares of each of the reorganized wireless license holding companies and the reorganized property holding companies.

Any cash held in reserve by Leap immediately prior to the Effective Date of the Plan of Reorganization that remains following satisfaction of all allowed administrative claims and allowed priority claims against Leap will be distributed to the Leap Creditor Trust.

Wireless Licenses

The following table shows the wireless licenses that we owned at March 31, 2005, including licenses we have agreed to sell to a third party. The wireless licenses set forth in the table cover approximately 53.0 million potential customers.

Market	Population	Total MHz	Channel Block
Anchorage, AK	490,179	30	C
Birmingham, AL(2)	1,351,186	15	C
Tuscaloosa, AL(2)	257,010	15	C
Blytheville, AR	68,363	15	C
Fayetteville, AR(1)(2)	370,274	30	C
Fort Smith, AR(1)(2)	338,239	30	C
Hot Springs, AR(1)	143,487	15	C
Jonesboro, AR(1)	185,781	10	C
Little Rock, AR(1)(2)	992,571	20	C
Pine Buff, AR(1)	150,064	20	C
Russellville, AR(2)	101,576	15	C
Nogales, AZ	41,578	20	C
Phoenix, AZ(1)	3,976,491	10	C
Tucson, AZ(1)	930,985	15	C
Merced, CA(1)	254,495	15	C
Modesto, CA(1)	567,167	15	C
Visalia, CA(1)	535,660	15	C
Denver/ Boulder, CO(1)	2,917,977	10	F
Ft. Collins, CO(1)	273,168	10	F
Greeley, CO(1)	226,084	10	F
Pueblo, CO(1)	324,364	20	C
Lakeland, FL	521,582	10	F
Albany, GA	361,612	15	C
Columbus, GA(1)	366,475	15	C
Macon, GA(1)	685,916	30	C
Boise, ID(1)	658,846	30	C
Lewiston, ID	123,131	15	C
Peoria, IL	456,972	15	C
Evansville, IN	524,333	10	F
Ft. Wayne, IN	733,097	10	E
Coffeyville, KS	58,997	15	C
Wichita, KS(1)	675,514	15	C
Owensboro, KY	166,507	10	F
Adrian, MI(2)	101,407	25	C,D
Battle Creek, MI(1)(2)	244,365	25	C,D
Flint, MI(1)(2)	519,000	10	D
Grand Rapids, MI(2)	1,134,931	25	C,D
Jackson, MI(1)(2)	210,889	25	C,D
Kalamazoo, MI(1)(2)	385,037	10	D
Lansing, MI	524,057	10	D
Mount Pleasant, MI(2)	140,410	10	D

Muskegon, MI(2)	231,233	25	C,D
Saginaw-Bay City, MI	640,197	10	D
Traverse City, MI(2)	262,867	10	D
Duluth, MN	413,433	10	E
Jackson, MS(2)	693,772	10	E
Vicksburg, MS(2)	60,944	10	E
Charlotte/ Gastonia, NC(1)	2,276,558	10	F
Greensboro/ Winston-Salem/ High Point, NC(1)	1,519,582	10	F
Hickory, NC	355,284	10	F
Fargo, ND	317,884	15	C
Grand Forks, ND	195,544	15	C
Lincoln, NE(1)	363,161	15	C
Omaha, NE(1)	1,024,692	10	F
Albuquerque, NM(1)	890,052	15	C
Gallup, NM	141,038	15	C
Roswell, NM	79,523	15	C
Santa Fe, NM(1)	233,370	15	C
Reno, NV(1)	649,556	10	C
Buffalo, NY(1)(3)	1,195,970	10	E
Plattsburgh, NY(2)	121,413	10	C
Syracuse, NY(1)	785,746	15	C
Utica, NY	296,949	10	F
Watertown, NY(2)	290,418	15	C
Dayton/ Springfield, OH(1)	1,214,649	10	F
Marion, OH	100,055	10	C
Sandusky, OH(1)	138,820	15	C
Steubenville, OH	127,682	10	C
Toledo, OH(1)	788,491	15	C
Tulsa, OK(1)	991,073	15	C
Eugene, OR(1)	334,079	10	C
Salem/ Corvallis, OR(1)	555,514	20	C
Johnstown, PA	227,336	10	C
Pittsburgh/ Butler/ Uniontown/ Washington/ Latrobe, PA(1)	2,453,075	10	E
Chattanooga, TN(1)	585,065	15	C
Clarksville, TN(1)	270,836	15	C
Knoxville, TN(1)	1,173,529	15	C
Memphis, TN(1)	1,607,311	15	C
Nashville/ Murfreesboro, TN(1)	1,868,575	15	C
Eagle Pass, TX	123,835	15	C
Lufkin, TX	167,104	10	C
Provo, UT(1)	424,646	15	C
Salt Lake City/ Ogden, UT(1)	1,731,411	15	C

Market	Population	Total MHz	Channel Block
Spokane, WA(1)	777,420	15	C
Appleton-Oshkosh, WI	473,062	10	E
Eau Claire, WI(2)	203,153	10	E
La Crosse, WI, Winona, MN	324,597	10	D
Stevens Point, Marshfield, Wisconsin Rapids, WI	218,272	20	D,E
Total	53,008,553		

(1) Designates markets where we offer Cricket service.

(2) Designates markets with respect to which we have agreed to sell the related wireless license (or a portion of the related wireless license) to a third party. Details are shown in the table below.

(3) Designates a wireless license which we have agreed to exchange for a wireless license covering the same market area with the same amount of MHz, but in a different frequency block.

On June 24, 2005, Cricket completed its purchase of a wireless license to provide service in Fresno, California and related assets for approximately $27.6 million (of which approximately $1.8 million was previously paid as a deposit), covering approximately 1.0 million potential customers. Our application to the FCC for consent to acquire this license, although initially opposed by a third party, was granted on May 13, 2005. The FCC s order approving the transfer was challenged by the third party on June 13, 2005, and we intend to vigorously defend such challenge. We have invested significant resources in building out the Fresno market, and we expect to launch service in Fresno in the second half of 2005.

The following table shows operating and non-operating wireless licenses covering approximately 8.0 million potential customers that we have agreed to sell to a third party. The transfers of these licenses are subject to FCC approval and other closing conditions, including obtaining third party consents and finalizing and signing a transition services agreement. On June 22, 2005, the FCC granted its approval of the transaction. The FCC s approval may be subject to reconsideration or review until August 8, 2005. Although we expect to satisfy the closing conditions, we cannot assure you that such conditions will be satisfied.

Market	Population	Total MHz	Channel Block
Birmingham, AL	1,351,186	15	C
Tuscaloosa, AL	257,010	15	C
Fayetteville, AR	370,274	10	C
Fort Smith, AR	338,239	10	C
Little Rock, AR	992,571	5	C
Russellville, AR	101,576	15	C
Adrian, MI	101,407	25	C,D
Battle Creek, MI(1)	244,365	25	C,D
Flint, MI(1)	519,000	10	D
Grand Rapids, MI	1,134,931	15	C
Jackson, MI(1)	210,889	25	C,D
Kalamazoo, MI(1)	385,037	10	D
Mount Pleasant, MI	140,410	10	D
Muskegon, MI	231,233	15	C
Traverse City, MI	262,867	10	D
Jackson, MS	693,772	10	E
Vicksburg, MS	60,944	10	E
Plattsburgh, NY	121,413	10	C
Watertown, NY	290,418	15	C

Eau Claire, WI	203,153	10	E
Total	8,010,695		

(1) Designates wireless licenses (or portions of wireless licenses) used in commercial operations that we have agreed to sell along with associated network assets and subscribers. Upon completion of the sale, Cricket will no longer offer service in these designated markets.

The following table shows wireless licenses covering approximately 11.1 million potential customers for which our subsidiary Cricket Licensee (Reauction), Inc. was named the winning bidder in Auction #58 in February 2005 with an aggregate purchase price of $166.9 million. The grants of these licenses were subject to FCC approval. The FCC approved the grants of these licenses on May 13, 2005.

Market	Population	Total MHz	Channel Block
San Diego, CA	3,010,095	10	C
Kansas City, MO	2,161,000	10	C
Houston, TX	5,579,503	10	C
Temple, TX	377,712	10	C
Total	11,128,310		

Arrangements with Alaska Native Broadband

In November 2004 we acquired a 75% non-controlling membership interest in, and we are a secured lender to, ANB 1, whose wholly owned subsidiary ANB 1 License participated in Auction #58. Alaska Native Broadband, LLC, or ANB, owns a 25% controlling membership interest in ANB 1 and is the sole manager of ANB 1. We have determined that our investment in ANB 1 is required to be consolidated under FASB Interpretation, or FIN, No. 46-R, Consolidation of Variable Interest Entities. The following table shows wireless licenses covering approximately 10.1 million potential customers for which ANB 1 License was named the winning bidder in Auction #58 in February 2005 with an aggregate purchase price of $68.2 million. The transfers of these licenses are subject to FCC approval, including a determination by the FCC that ANB 1 License is qualified as a small business or very small business, as defined by FCC regulations, entitled to hold licenses designated by the FCC as Entrepreneurs Block licenses. Although we expect ANB 1 License will receive such approval in the normal course, we cannot assure you that such approval will be granted.

Market	Population	Total MHz	Channel Block
Colorado Springs, CO	583,582	10	C
Lexington, KY	964,000	10	C
Louisville, KY	1,543,214	10	C
Las Cruces, NM	256,591	10	C
Cincinnati, OH	2,241,105	10	C
Austin, TX	1,539,235	10	C
Bryan, TX	196,292	10	C
El Paso, TX	785,293	10	C
San Antonio, TX	2,013,655	10	C
Total	10,122,967		

In March 2005, ANB and Cricket increased their aggregate equity capital contributions to ANB 1 to $1.0 million and $3.0 million, respectively. In turn, ANB 1 contributed these funds to its subsidiary, ANB 1 License. Also in March 2005, Cricket made loans under its senior secured credit facility with ANB 1 License in the aggregate principal amount of $56.2 million. ANB 1 License paid these borrowed funds, together with the $4.0 million of equity contributions, to the FCC to increase its total FCC payments to $68.2 million, the aggregate purchase price for the nine licenses. Cricket previously loaned ANB 1 License $8.0 million to fund ANB 1 License s auction eligibility deposit with the FCC. Under the senior secured credit facility, as amended, Cricket has committed to loan ANB 1 License up to $24.8 million in additional funds to finance its initial build-out costs and working capital requirements.

Cricket s principal agreements with the ANB entities are summarized below.

Limited Liability Company Agreement. In December 2004, Cricket and ANB entered into an amended and restated limited liability company agreement, referred to in this prospectus as the ANB 1 LLC Agreement, which governs the parties rights and interests with respect to their investments in ANB 1. Under the ANB 1 LLC Agreement, ANB and Cricket agreed to make aggregate equity investments in ANB 1 of up to $1.0 million and $3.0 million, respectively, which investments were completed in March 2005. Under the ANB 1 LLC Agreement, ANB, as the sole manager of the company, has the exclusive right and power to manage, operate and control ANB 1 and its business and affairs, subject to certain protective provisions for the benefit of Cricket, including among others, Cricket s consent to the sale of any of ANB 1 License s wireless licenses or a sale of equity interests in ANB 1. Subject to FCC approval, Cricket has the right to remove ANB as the manager of ANB 1 in the event of ANB s fraud, gross negligence or willful misconduct, ANB s insolvency or bankruptcy, ANB s failure to qualify as an entrepreneur and a very small business under FCC rules, or other limited circumstances.

Under the ANB 1 LLC Agreement, if ANB 1 or ANB 1 License proposes to transfer any wireless licenses or other material assets to a third party, Cricket has a right of first refusal to purchase such licenses or assets on the same terms as those negotiated with the third party. During the first seven years following the initial grant of wireless licenses to ANB 1 License, members of ANB 1 generally may not transfer their membership interests without Cricket s prior consent. Following such period, if a member desires to transfer its interests in ANB 1 to a third party, Cricket has a right of first refusal to purchase such interests on the same terms as those negotiated with the third party, or in lieu of exercising this right, Cricket has a tag-along right to participate in the sale.

Under the ANB 1 LLC Agreement, once ANB 1 License satisfies the FCC s initial five-year build-out milestone requirements with respect to its wireless licenses, ANB has a 30-day option to sell its entire membership interests in ANB 1 to Cricket for a purchase price of $2.0 million, payable in cash. If exercised, the consummation of the sale will be subject to FCC approval. If Cricket breaches its obligation to pay the purchase price, several of Cricket s protective provisions cease to apply, and ANB receives a $2.0 million liquidation preference, payable prior to Cricket s equity and debt investments in ANB 1 and ANB 1 License. If ANB fails to qualify as an entrepreneur and a very small business under FCC rules (other than due to a change in FCC rules), and as a result of such failure ANB 1 License ceases to retain the benefits it received in Auction #58, ANB is liable to Cricket only to the extent of ANB s $1.0 million equity capital contribution to ANB 1.

Senior Secured Credit Agreement. ANB 1 License, ANB 1, and Cricket are parties to a senior secured credit agreement, referred to in this prospectus as the Cricket Credit Agreement, pursuant to which Cricket has agreed to loan ANB 1 License up to $89.0 million plus capitalized interest. In June 2005, the parties amended the Cricket Credit Agreement so that the facility now consists of an $64.2 million sub-facility to finance the purchase of wireless licenses in Auction #58 and a $24.8 million sub-facility to finance ANB 1 License s initial build-out costs and working capital requirements. At May 31, 2005, ANB 1 License had outstanding borrowings of $64.2 million principal amount under the acquisition sub-facility and outstanding borrowings of $0.1 million principal amount under the working capital sub-facility. ANB 1 License will need to obtain additional capital from Cricket or another third party substantially in excess of such amounts to build out and launch its networks.

Borrowings under the Cricket Credit Agreement are guaranteed by ANB 1 and are secured by a first priority security interest in all of the assets of ANB 1 and ANB 1 License, including a pledge of ANB 1 s membership interests in ANB 1 License. ANB also has entered into a negative pledge agreement with respect to its entire membership interests in ANB 1, agreeing to keep such membership interests free and clear of all liens and encumbrances.

Under the Cricket Credit Agreement, borrowings accrue interest at a rate of 12% per annum, with all accrued interest added to the outstanding principal balance of loans until the amortization commencement date. The amortization commencement date under the facility occurs 30 days after the date that ANB 1 License satisfies the FCC s initial five-year build-out milestone requirements with respect to its wireless

licenses, subject to extension until the closing of the sale if ANB has then exercised its right to sell its entire membership interests in ANB 1 to Cricket. Loans under the Cricket Credit Agreement must be repaid in 16 quarterly installments of principal plus accrued interest, commencing at the end of the first quarter following the amortization commencement date. Loans may be prepaid at any time without premium or penalty. Loans must be prepaid with the proceeds of any refunds received by ANB 1 License from the FCC. Cricket s commitment under the working capital sub-facility expires on the earliest to occur of: (1) the amortization commencement date; (2) the termination by Cricket of the management services agreement between Cricket and ANB 1 License due to a breach by ANB 1 License; or (3) the termination by ANB 1 License of the management services agreement for convenience. If ANB 1 License terminates the management services agreement for convenience, all borrowings, accrued interest and other amounts owing under the Cricket Credit Agreement become due and payable following expiration of the applicable one-year notice period for termination.

Management Agreement. Cricket and ANB 1 License are parties to a management services agreement, pursuant to which Cricket will provide management services to ANB 1 License in exchange for a monthly management fee based on Cricket s costs of providing such services plus a mark-up for administrative overhead. Under the management services agreement, ANB 1 License retains full control and authority over its business strategy, finances, wireless licenses, network equipment, facilities and operations, including its product offerings, terms of service and pricing. The initial term of the management services agreement is eight years. The management services agreement may be terminated by ANB 1 License or Cricket if the other party materially breaches its obligations under the agreement. The management services agreement also may be terminated by ANB 1 License if Cricket fails to pay the purchase price for ANB s membership interests under the ANB 1 LLC Agreement or by ANB 1 License for convenience with one year s prior written notice to Cricket.

Competition

Generally, the telecommunications industry is very competitive. We believe that our primary competition in the U.S. wireless market is with national and regional wireless service providers including Alltel, Cingular, Nextel and Nextel Partners, Sprint (and Sprint affiliates), T-Mobile, U.S. Cellular and Verizon Wireless. We also face competition from resellers, such as Virgin Mobile, Qwest Wireless and others, which provide wireless services to customers but do not hold FCC licenses or own facilities. Instead, resellers buy wireless telephone capacity from a licensed carrier and resell services through their own distribution network to the public. In addition, wireless providers increasingly are competing in the provision of both voice and non-voice services. Non-voice services, including data transmission, text messaging, e-mail and Internet access, are also now available from personal communications service providers and enhanced specialized mobile radio carriers such as Nextel. In many cases, non-voice services are offered in conjunction with or as adjuncts to voice services. There has also been an increasing trend towards consolidation of wireless service providers through joint ventures, reorganizations and acquisitions. Over time, we expect these types of consolidations to lead to the creation of larger competitors with considerable spectrum resources, extensive network coverage and vast financial resources and we may be unable to compete successfully with these larger companies.

Competition for subscribers among wireless communications providers is based principally upon the services and features offered, the technical quality of their wireless systems, customer service, system coverage, capacity and price. Competition has caused, and we anticipate that competition will continue to cause, market prices for two-way wireless products and services to decline. In addition, some competitors have announced unlimited service plans at rates similar to Cricket s service plan rates in markets in which we have launched service. Our ability to compete successfully will depend, in part, on our ability to distinguish our Cricket service from competitors through marketing and through our ability to anticipate and respond to other competitive factors affecting the industry, including new services that may be introduced, changes in consumer preferences, demographic trends, economic conditions and competitors discount pricing and bundling strategies, all of which could adversely affect our operating margins, market penetration and customer retention. Because many of the wireless operators in our markets have substantially greater financial resources than we do, they may be able to offer prospective customers discounts or equipment subsidies that are substantially greater than those that could be offered by us. In addition, to the extent that products or services

that we offer, such as roaming capability, may depend upon negotiations with such wireless operators, discriminatory behavior by such operators or their refusal to negotiate with us could adversely affect our business. While we believe that our cost structure, combined with the differentiated value proposition that our Cricket service represents in the wireless marketplace, provides us with the means to react effectively to price competition, we cannot predict the effect that the market forces or the conduct of other operators in the industry will have on our business.

The FCC is pursuing policies designed to increase the number of wireless licenses available in each of our markets. For example, the FCC has adopted rules that allow the partitioning, disaggregation or leasing of PCS and other wireless licenses, and continues to allocate and auction additional spectrum that can be used for wireless services. Continuing technological advances in the communications field make it difficult to predict the nature and extent of additional future competition. Also, in February 2005, the FCC completed Auction #58, in which additional PCS spectrum was auctioned in numerous markets, including many markets where we currently provide service.

As wireless service is becoming a viable alternative to traditional landline phone service, we are also increasingly competing directly with traditional landline telephone companies for customers. Competition is also increasing from local and long distance wireline carriers who have begun to aggressively advertise in the face of increasing competition from wireless carriers, cable operators and other competitors. We may also compete in the future with companies that offer new technologies, such as Voice over Internet Protocol or VoIP, and that market other services, including cable television access, landline telephone service and Internet access, that we do not currently intend to market. Some of our competitors offer these other services together with their wireless communications service, which may make their services more attractive to customers.

Government Regulation

The licensing, construction, modification, operation, sale, ownership and interconnection arrangements of wireless communications networks are regulated to varying degrees by the FCC, Congress, state regulatory agencies, the courts and other governmental bodies. Decisions by these bodies could have a significant impact on the competitive market structure among wireless providers and on the relationships between wireless providers and other carriers. These mandates may impose significant financial obligations on us and other wireless providers. We are unable to predict the scope, pace or financial impact of legal or policy changes that could be adopted in these proceedings.

Licensing of PCS Systems. A broadband PCS system operates under a license granted by the FCC for a particular market on one of six frequency blocks allocated for broadband PCS. Broadband PCS systems generally are used for two-way voice applications. Narrowband PCS systems, in contrast, generally are used for non-voice applications such as paging and data service and are separately licensed. The FCC has segmented the U.S. PCS markets into 51 large regions called major trading areas, which are comprised of 493 smaller regions called basic trading areas, or BTAs. The FCC awards two broadband PCS licenses for each major trading area and four licenses for each BTA. Thus, generally, six licensees are authorized to compete in each area. The two major trading area licenses authorize the use of 30 MHz of spectrum. One of the basic trading area licenses is for 30 MHz of spectrum, and the other three are for 10 MHz each. The FCC permits licensees to split their licenses and assign a portion to a third party on either a geographic or frequency basis or both. Over time, the FCC has also further split licenses in connection with re-auctions of PCS spectrum, creating additional 15 MHz and 10 MHz licenses.

The FCC s spectrum allocation for PCS includes two licenses, a 30 MHz C-Block license and a 10 MHz F-Block license, that are designated as Entrepreneurs Blocks. The FCC generally requires holders of these licenses to meet certain threshold financial size qualifications. In addition, the FCC has determined that designated entities who qualify as small businesses or very small businesses, as defined by a complex set of FCC rules, can receive additional benefits, such as bidding credits in C-Block or F-Block spectrum auctions or re-auctions, and in some cases, an installment loan from the federal government for a significant portion of the dollar amount of the winning bids in the FCC s initial auctions of C-Block and F-Block licenses. The FCC s rules also allow for publicly traded corporations with widely dispersed voting power, as defined by the FCC, to

hold C-Block and F-Block licenses and to qualify as small or very small businesses. A failure by an entity to maintain its qualifications to own C-Block and F-Block licenses could cause a number of adverse consequences, including the ineligibility to hold licenses for which the FCC s minimum coverage requirements have not been met, the triggering of FCC unjust enrichment rules and the acceleration of installment payments owed to the U.S. Treasury.

In July 1999, the FCC determined that we were entitled to acquire C-Block and F-Block licenses as a publicly traded corporation with widely dispersed voting power and a very small business under FCC rules. In July 2000, the FCC affirmed its July 1999 order. Subsequently, the FCC approved the transfer to us of a number of other PCS licenses, the majority of them C-Block and F-Block licenses. Because our emergence from bankruptcy involved a change in control of the Company, we were required to seek FCC consent to the change in control of our FCC spectrum licenses. In connection with its review of our application seeking such consent, the FCC determined that as a result of our restructuring in bankruptcy: we were no longer qualified as an Entrepreneur to hold several of our C- and F-Block licenses; we would owe approximately $2-$4 million in unjust enrichment penalties; and $76.7 million of indebtedness to the FCC would become immediately due and payable. We were able to successfully negotiate a settlement of these consequences with the FCC and the Department of Justice which provided for an immediate payment of $45 million to the FCC with the balance of monies payable in April and July 2005. The settlement further required us to use reasonable efforts to complete a refinancing on or prior to January 31, 2005 which generated sufficient proceeds to repay the senior secured pay-in-kind notes that we issued upon our emergence from bankruptcy and our remaining indebtedness to the FCC. On August 5, 2004, the FCC approved the transfer of our licenses and we subsequently emerged from the bankruptcy process. On January 10, 2005, we paid the FCC the remaining principal and accrued interest balance of approximately $41 million as called for by our settlement agreement. Our PCS licenses are in good standing with the FCC.

All PCS licenses have a 10-year term, at the end of which they must be renewed. The FCC s rules provide a formal presumption that a PCS license will be renewed, called a renewal expectancy, if the PCS licensee (1) has provided substantial service during its past license term, and (2) has substantially complied with applicable FCC rules and policies and the Communications Act. The FCC defines substantial service as service which is sound, favorable and substantially above a level of mediocre service that might only minimally warrant renewal. If a licensee does not receive a renewal expectancy, then the FCC will accept competing applications for the license renewal period and, subject to a comparative hearing, may award the license to another party.

Under existing law, no more than 20% of an FCC licensee s capital stock may be owned, directly or indirectly, or voted by non-U.S. citizens or their representatives, by a foreign government or its representatives or by a foreign corporation. If an FCC licensee is controlled by another entity (as is the case with Leap s ownership and control of subsidiaries that hold FCC licenses), up to 25% of that entity s capital stock may be owned or voted by non-U.S. citizens or their representatives, by a foreign government or its representatives or by a foreign corporation. Foreign ownership above the 25% holding company level may be allowed if the FCC finds such higher levels consistent with the public interest. The FCC has ruled that higher levels of foreign ownership, even up to 100%, are presumptively consistent with the public interest with respect to investors from certain nations. If our foreign ownership were to exceed the permitted level, the FCC could revoke our wireless licenses, although we could seek a declaratory ruling from the FCC allowing the foreign ownership or could take other actions to reduce our foreign ownership percentage in order to avoid the loss of our licenses. We have no knowledge of any present foreign ownership in violation of these restrictions.

Since 1996, PCS licensees have been required to coordinate frequency usage with existing fixed microwave licensees in the 1850 to 1990 MHz band. In an effort to balance the competing interests of existing microwave users and newly authorized PCS licensees, the FCC has adopted a transition plan to relocate such microwave operators to other spectrum blocks and a cost sharing plan so that if the relocation of an incumbent benefits more than one PCS licensee, those licensees will share the cost of the relocation. The transition and cost sharing plans expired on April 4, 2005. Subsequent to that date, remaining microwave incumbents in the PCS spectrum are responsible for avoiding interference with a PCS licensee s network. Absent an agreement with affected broadband PCS entities or an extension, incumbent microwave licensees will be required to

return their operating authorizations to the FCC following six months written notice from a PCS entity that such entity intends to turn on a PCS system within the interference range of the incumbent microwave licensee. To secure a sufficient amount of unencumbered spectrum to operate our PCS systems efficiently and with adequate population coverage within an appropriate time period, we have previously needed to relocate one or more of these incumbent fixed microwave licensees and have also been required (and may continue to be required) to participate in the cost sharing related to microwave licenses that have been voluntarily relocated by other PCS licensees or the existing microwave operators.

PCS Construction Requirements. All PCS licensees must satisfy minimum geographic coverage requirements within five and/or ten years after the license grant date. These initial requirements are met for most 10 MHz licenses when adequate service is offered to at least one-quarter of the population of the licensed area within five years, and for 30 MHz licenses when adequate service is offered to at least one-third of the population within five years and two-thirds of the population within ten years after the license grant date. In general, a failure to comply with FCC coverage requirements could cause the revocation of the relevant wireless license or the imposition of fines and/or other sanctions.

Transfer and Assignment of PCS Licenses. The Communications Act and FCC rules require the FCC s prior approval of the assignment or transfer of control of a license for a PCS system, with limited exceptions. The FCC may prohibit or impose conditions on assignments and transfers of control of licenses. Non-controlling interests in an entity that holds an FCC license generally may be bought or sold without FCC approval. Although we cannot assure you that the FCC will approve or act in a timely fashion upon any pending or future requests for approval of assignment or transfer of control applications that we file, in general we believe the FCC will approve or grant such requests or applications in due course. Because an FCC license is necessary to lawfully provide PCS service, if the FCC were to disapprove any such filing, our business plans would be adversely affected.

Pursuant to an order released in December 2001, as of January 1, 2003, the FCC no longer limits the amount of PCS and other commercial mobile radio spectrum that an entity may hold in a particular geographic market. The FCC now engages in a case-by-case review of transactions that involve the consolidation of spectrum licenses.

A C-Block or F-Block license may be transferred to non-designated entities once the licensee has met its five-year coverage requirement. Such transfers will remain subject to certain costs and reimbursements to the government of any bidding credits or outstanding principal and interest payments owed to the FCC.

General FCC Obligations. The FCC has a number of other complex requirements and proceedings that affect our operations and that could increase our cost or diminish our revenues. For example, the FCC requires wireless carriers to make available emergency 911 services, including enhanced emergency 911 services that provide the caller s telephone number and detailed location information to emergency responders, as well as a requirement that emergency 911 services be made available to users with speech or hearing disabilities. Our obligations to implement these services occur on a market-by-market basis as emergency service providers request the implementation of enhanced emergency 911 services in their locales. Absent a waiver, a failure to comply with these requirements could subject us to significant penalties.

FCC rules also require that local exchange carriers and most commercial mobile radio service providers, including PCS providers like Leap, allow customers to change service providers without changing telephone numbers. For wireless service providers, this mandate is referred to as wireless local number portability, or WLNP. The FCC also has adopted rules governing the porting of wireline telephone numbers to wireless carriers.

The FCC has the authority to order interconnection between commercial mobile radio service operators and incumbent local exchange carriers, and FCC rules provide that all local exchange carriers must enter into compensation arrangements with commercial mobile radio service carriers for the exchange of local traffic, whereby each carrier compensates the other for terminating local traffic originating on the other carrier s network. As a commercial mobile radio services provider, we are required to pay compensation to a wireline local exchange carrier that transports and terminates a local call that originated on our network. Similarly, we

are entitled to receive compensation when we transport and terminate a local call that originated on a wireline local exchange network. We negotiate interconnection arrangements for our network with major incumbent local exchange carriers and other independent telephone companies. If an agreement cannot be reached, under certain circumstances, parties to interconnection negotiations can submit outstanding disputes to state authorities for arbitration. Negotiated interconnection agreements are subject to state approval. The FCC s interconnection rules and rulings, as well as state arbitration proceedings, will directly impact the nature and costs of facilities necessary for the interconnection of our network with other telecommunications networks. They will also determine the amount of revenue we receive for terminating calls originating on the networks of local exchange carriers and other telecommunications carriers. The FCC is currently considering changes to the local exchange-commercial mobile radio service interconnection and other intercarrier compensation arrangements, and the outcome of such proceedings may affect the manner in which we are charged or compensated for the exchange of traffic.

We also are subject or potentially subject to universal service obligations; number pooling rules; rules governing billing and subscriber privacy; rules governing wireless resale and roaming obligations; rules that require wireless service providers to configure their networks to facilitate electronic surveillance by law enforcement officials; rate averaging and integration requirements; rules governing spam, telemarketing and truth-in-billing and rules requiring us to offer equipment and services that are accessible to and usable by persons with disabilities, among others. Some of these requirements pose technical and operational challenges to which we, and the industry as a whole, have not yet developed clear solutions. These requirements are all the subject of pending FCC or judicial proceedings, and we are unable to predict how they may affect our business, financial condition or results of operations.

State, Local and Other Regulation. Congress has given the FCC the authority to preempt states from regulating rates or entry into commercial mobile radio service, including PCS. The FCC, to date, has denied all state petitions to regulate the rates charged by commercial mobile radio service providers. State and local governments are permitted to manage public rights of way and can require fair and reasonable compensation from telecommunications providers, on a competitively neutral and nondiscriminatory basis, for the use of such rights of way by telecommunications carriers, including PCS providers, so long as the compensation required is publicly disclosed by the state or local government. States may also impose competitively neutral requirements that are necessary for universal service, to protect the public safety and welfare, to ensure continued service quality and to safeguard the rights of consumers. While a state may not impose requirements that effectively function as barriers to entry or create a competitive disadvantage, the scope of state authority to maintain existing requirements or to adopt new requirements is unclear. State legislators, public utility commissions and other state agencies are becoming increasingly active in efforts to regulate wireless carriers and the service they provide, including efforts to conserve numbering resources and efforts aimed at regulating service quality, advertising, warranties and returns, rebates, and other consumer protection measures.

The location and construction of our PCS antennas and base stations and the towers we lease on which such antennas are located are subject to FCC and Federal Aviation Administration regulations, federal, state and local environmental and historic preservation regulations, and state and local zoning, land use or other requirements. We cannot assure you that any state or local regulatory requirements currently applicable to our systems will not be changed in the future or that regulatory requirements will not be adopted in those states and localities that currently have none. Such changes could impose new obligations on us that could adversely affect our operating results.

Privacy. We are obligated to comply with a variety of federal and state privacy and consumer protection requirements. The Communications Act and FCC rules, for example, impose various rules on us intended to protect against the disclosure of customer proprietary network information. Other FCC and Federal Trade Commission rules also regulate the disclosure and sharing of subscriber information. We have developed and comply with a policy designed to protect the privacy of our customers and their personal information. State legislatures and regulators are considering imposing additional requirements on companies to further protect the privacy of wireless customers. Our need to comply with these rules, and to address complaints by subscribers invoking them, could adversely affect our operating results.

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Financial Information Concerning Segments and Geographical Information

Financial information concerning our operating segment and the geographic area in which we operate is set forth in Note 14 to the audited annual consolidated financial statements included elsewhere in this prospectus.

Employees

As of May 31, 2005, Cricket employed approximately 1,400 full time employees, and Leap had no employees.

Seasonality

Our customer activity is influenced by seasonal effects related to traditional retail selling periods and other factors that arise from Cricket s target customer base. As a result, new sales activity is generally highest in the first and fourth quarters, and customer turnover, or churn, has tended to be higher in the second and third quarters. However, our business is sensitive to promotional activity and competitive actions, both of which have the ability to reduce or outweigh certain seasonal effects.

Inflation

We believe that inflation has not had a material effect on our results of operations.

PROPERTIES

Leap currently leases space, totaling approximately 99,100 square feet, in two office buildings in San Diego, California for our headquarters. We use these buildings for sales, marketing, product development, engineering and administrative purposes.

As of April 30, 2005, Cricket had leased regional offices in Denver, Colorado and Nashville, Tennessee. These offices consist of approximately 15,600 square feet and 17,900 square feet, respectively. Cricket has 22 additional office leases in its individual markets that range from 2,500 square feet to 13,618 square feet. Cricket also leases approximately 90 retail locations in its markets, including stores ranging in size from 1,050 square feet to 4,600 square feet, as well as kiosks and retail spaces within another store. In addition, we currently lease approximately 2,600 cell site locations, 26 switch locations and three warehouse facilities that range in size from approximately 3,000 square feet to approximately 20,000 square feet. We do not own any real property.

As we continue to develop existing Cricket markets, and as we build-out additional markets, we will lease additional or substitute office facilities, retail stores, cell sites, switch sites and warehouse facilities.

LEGAL PROCEEDINGS

Bankruptcy Proceedings

On the Petition Date, Leap, Cricket and substantially all of their subsidiaries filed voluntary petitions for relief under Chapter 11 in the United States Bankruptcy Court for the Southern District of California. On October 22, 2003, the Bankruptcy Court entered an order confirming the Plan of Reorganization. The effectiveness of the Plan of Reorganization was conditioned upon, among other things, the receipt of required regulatory approvals from the FCC for the transfer of wireless licenses associated with the change of control that occurred upon Leap s emergence from bankruptcy. Leap received the requisite approvals from the FCC on August 5, 2004. On August 16, 2004, Leap and Cricket satisfied the remaining conditions to the Plan of Reorganization, the Plan of Reorganization became effective, and the Company emerged from Chapter 11 bankruptcy. The Leap Creditor Trust is defending unsecured claims asserted against Leap in bankruptcy, and the Leap Creditor Trust will pay settlements or judgments, if any, from Leap Creditor Trust funds.

In connection with the Chapter 11 proceedings, the Bankruptcy Court established deadlines by which the holders of pre-emergence claims against us were required to file proofs of claim. The final deadline for such claims, relating to claims that arose during the course of the bankruptcy, was October 15, 2004, 60 days after the Effective Date of the Plan of Reorganization. Parties who were required to, but who failed to, file proofs of claim before the applicable deadlines are barred from asserting such claims against us in the future. Generally, our obligations have been discharged with respect to general unsecured claims for pre-petition obligations, although the holders of allowed general unsecured pre-petition claims against Leap have (and holders of pending general unsecured claims against Leap may have) a pro rata beneficial interest in the assets of the Leap Creditor Trust. We reviewed the remaining claims filed against us (consisting primarily of claims for pre-petition taxes and for obligations incurred by us during the course of the Chapter 11 proceedings) and filed further objections by the Bankruptcy Court deadline of January 17, 2005. We do not believe that the resolution of the outstanding claims filed against us in bankruptcy will have a material adverse impact on the Company s consolidated financial statements.

Foreign governmental authorities have asserted or are likely to assert tax claims of approximately $4.8 million, excluding interest and penalties, if any, against Leap with respect to periods prior to the bankruptcy, although the Company believes that the true value of these asserted or potential claims is lower. Leap likely did not mail notice of its bankruptcy filings or the proceedings in the Bankruptcy Court to these governmental authorities. We have filed motions in the Bankruptcy Court to bring the claims of these foreign authorities within the bankruptcy claims resolution process. If the claims are resolved through the Bankruptcy Court, we expect any payment on the claims will be paid from restricted cash previously reserved to satisfy

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allowed administrative claims and allowed priority claims against Leap. In any event, we do not believe that the resolution of these issues will have a material adverse effect on our consolidated financial statements.

Securities Litigation

On December 31, 2002, several members of American Wireless Group, LLC, referred to in this prospectus as AWG, filed a lawsuit against various officers and directors of Leap in the Circuit Court of the First Judicial District of Hinds County, Mississippi, referred to herein as the Whittington Lawsuit. Leap purchased certain FCC wireless licenses from AWG and paid for those licenses with shares of Leap stock. The complaint alleges that Leap failed to disclose to AWG material facts regarding a dispute between Leap and a third party relating to that party s claim that it was entitled to an increase in the purchase price for certain wireless licenses it sold to Leap. In their complaint, plaintiffs seek rescission and/or damages according to proof at trial of not less than the aggregate amount paid for the Leap stock (alleged in the complaint to have a value of approximately $57.8 million in June 2001 at the closing of the license sale transaction), plus interest, punitive or exemplary damages in the amount of not less than three times compensatory damages, and costs and expenses. Leap is not a defendant in the Whittington Lawsuit. Plaintiffs contend that the named defendants are the controlling group that was responsible for Leap s alleged failure to disclose the material facts regarding the third party dispute and the risk that the shares held by the plaintiffs might be diluted if the third party was successful in an arbitration proceeding. Defendants filed a motion to compel arbitration, or in the alternative, to dismiss the Whittington Lawsuit, noting that plaintiffs as members of AWG agreed to arbitrate disputes pursuant to the license purchase agreement, that they failed to plead facts that show that they are entitled to relief, that Leap made adequate disclosure of the relevant facts regarding the third party dispute, and that any failure to disclose such information did not cause any damage to the plaintiffs.

In a related action to the action described above, on June 6, 2003, AWG filed a lawsuit in the Circuit Court of the First Judicial District of Hinds County, Mississippi, referred to herein as the AWG Lawsuit, against the same individual defendants named in the Whittington Lawsuit. The complaint generally sets forth the same claims made by the plaintiffs in the Whittington Lawsuit. Leap is not a defendant in the AWG Lawsuit. In its complaint, plaintiff seeks rescission and/or damages according to proof at trial of not less than the aggregate amount paid for the Leap stock (alleged in the complaint to have a value of approximately $57.8 million in June 2001 at the closing of the license sale transaction), plus interest, punitive or exemplary damages in the amount of not less than three times compensatory damages, and costs and expenses. Defendants filed a motion to compel arbitration or, in the alternative, to dismiss the AWG Lawsuit, making arguments similar to those made in their motion to dismiss the Whittington Lawsuit.

Although Leap is not a defendant in either the Whittington or AWG Lawsuits, several of the defendants have indemnification agreements with the Company. Leap s D&O insurers have not filed a reservation of rights letter and have been paying defense costs. Management believes that the liability, if any, from the AWG and Whittington Lawsuits and the related indemnity claims of the defendants against Leap is not probable and estimable; therefore, no accrual has been made in our audited annual consolidated financial statements as of December 31, 2004 or in our unaudited condensed consolidated financial statements as of March 31, 2005 related to these contingencies.

On December 5, 2003, nine securities class action lawsuits were filed against Leap, and certain of its officers and directors, in the United States District Court for the Southern District of California on behalf of all persons who purchased or otherwise acquired Leap s common stock from February 11, 2002 through July 24, 2002. Those lawsuits were all virtually identical to one another. The plaintiffs alleged that the defendants were responsible for the dissemination of a series of material misrepresentations to the market during the class period, thereby artificially inflating the price of Leap s common stock. The complaint sought an unspecified amount of damages, plus costs and expenses related to bringing the actions. No class was certified in the lawsuit. The defendants filed a motion to dismiss the amended complaint, stating that the amended complaint failed to plead any facts which show that any representations were made by Leap or any other defendants or that any of the alleged misrepresentations caused a change in the value of Leap s shares. On August 26, 2004, the court granted the defendants motion to dismiss, but granted the plaintiffs leave to

amend their complaint. The plaintiffs did not file an amended complaint and a court order voluntarily dismissing the action with prejudice was issued on January 7, 2005.

In addition to the matters described above, Leap is often involved in claims arising in the course of business, seeking monetary damages and other relief. The amount of the liability, if any, from such claims cannot currently be reasonably estimated; therefore, no accruals have been made in our audited annual consolidated financial statements as of December 31, 2004 or in our condensed consolidated financial statements as of March 31, 2005 for such claims. In the opinion of Leap s management, the ultimate liability for such claims will not have a material adverse effect on Leap s consolidated financial statements.

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MANAGEMENT

Directors

Biographical information for the directors of Leap is set forth below. Our directors are elected at our annual shareholders meeting each year, generally serving one year terms or until their successors are duly elected and qualified.

Name	Age	Position with the Company
Mark H. Rachesky, MD	46	Chairman of the Board
James D. Dondero	43	Director
John D. Harkey, Jr.	44	Director
S. Douglas Hutcheson	49	Chief Executive Officer, President and Director
Robert V. LaPenta	59	Director
Michael B. Targoff	60	Director

Mark H. Rachesky, MD has served as a member and chairman of our board of directors since August 2004. Dr. Rachesky is the founder and president of MHR Fund Management LLC, which is an investment manager of various private investment funds that invest in inefficient market sectors, including special situation equities and distressed investments. From 1990 through June 1996, Dr. Rachesky served in various positions at Icahn Holding Corporation, including as a senior investment officer and for the last three years as sole managing director and acting chief investment advisor. Dr. Rachesky also serves as a member of the board of directors of Neose Technologies, Inc. and Novadel Pharma Inc. Dr. Rachesky holds a B.S. in molecular aspects of cancer from the University of Pennsylvania, a M.D. from the Stanford University School of Medicine, and an M.B.A. from the Stanford University School of Business.

James D. Dondero has served as a member of our board of directors since August 2004. Mr. Dondero is the founder of Highland Capital Management, L.P. and has served as its president since 1993. Prior to founding Highland Capital Management, L.P., Mr. Dondero served as chief investment officer of a subsidiary of Protective Life Insurance Company. Mr. Dondero is also currently a member of the board of directors of NeighborCare, Inc., Audio Visual Services Corp., Motient Corporation, and American Banknote Corp. Mr. Dondero holds degrees in accounting and finance, beta gamma sigma, from the University of Virginia. Mr. Dondero completed financial training at Morgan Guaranty Trust Company, and is a certified public accountant, a chartered financial analyst and a certified management accountant.

John D. Harkey, Jr. has served as a member of our board of directors since March 2005. Since 1998, Mr. Harkey has served as chief executive officer and chairman of Consolidated Restaurant Companies, Inc., and as chief executive officer and vice chairman of Consolidated Restaurant Operations, Inc., and has been manager of the investment firm Cracken, Harkey & Street, L.L.C. since 1997. From 1992 to 1998, Mr. Harkey was a partner with the law firm Cracken & Harkey, LLP. Mr. Harkey was founder and managing director of Capstone Capital Corporation and Capstone Partners, Inc. from 1989 until 1992. He also serves on the Board of Directors of Total Entertainment Restaurant Corporation and on the Executive Board of Circle Ten Council of the Boy Scouts of America. Mr. Harkey obtained his B.B.A. with honors and a J.D. from the University of Texas at Austin and an M.B.A. from Stanford University School of Business.

S. Douglas Hutcheson was appointed as our chief executive officer, president and director in February 2005, having previously served as our president and chief financial officer from January 2005 to February 2005, as our executive vice president and chief financial officer from January 2004 to January 2005, as our senior vice president and chief financial officer from August 2002 to January 2004, as our senior vice president and chief strategy officer from March 2002 to August 2002, as our senior vice president, product development and strategic planning from July 2000 to March 2002, as our senior vice president, business development from March 1999 to July 2000 and as our vice president, business development from September 1998 to March 1999. From February 1995 to September 1998, Mr. Hutcheson served as vice president, marketing in the Wireless Infrastructure Division at Qualcomm Incorporated. Mr. Hutcheson holds a B.S. in mechanical engineering from California Polytechnic University and an M.B.A. from University of California, Irvine.

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Robert V. LaPenta has served as a member of our board of directors since March 2005. Mr. LaPenta is the Chairman and Chief Executive Officer of L-1 Investment Partners, LLC, an investment firm seeking investments in the biometrics area. Mr. LaPenta served as president, chief financial officer and director of L-3 Communications Holdings, Inc. from April 1997 until his retirement from those positions effective April 1, 2005. From April 1996, when Loral Corporation was acquired by Lockheed Martin Corporation, until April 1997, Mr. LaPenta was a vice president of Lockheed Martin and was vice president and chief financial officer of Lockheed Martin s C3I and Systems Integration Sector. Prior to the April 1996 acquisition of Loral, he was Loral s senior vice president and controller, a position he held since 1981. He previously served in a number of other executive positions with Loral since he joined that company in 1972. Mr. LaPenta is on the Board of Trustees of Iona College, the Board of Trustees of The American College of Greece and the Board of Directors of Core Software Technologies. Mr. LaPenta received a B.B.A. in accounting from Iona College in New York.

Michael B. Targoff has served as a member of our board of directors since September 1998. He is founder of Michael B. Targoff and Co., a company that seeks controlling investments in telecommunications and related industry companies and serves as its chief executive officer. From its formation in January 1996 through January 1998, Mr. Targoff was president and chief operating officer of Loral Space & Communications Limited. Mr. Targoff was senior vice president of Loral Corporation until January 1996. Previously, Mr. Targoff was also the president of Globalstar Telecommunications Limited, the public owner of Globalstar, Loral s global mobile satellite system. Mr. Targoff serves as a member of the board of directors of Kayne Anderson MLP Investment Company, Infocrossing, Inc., Viasat, Inc. and Communications and Power Industries, Inc., in addition to serving as chairman of the boards of directors of two small private telecommunications companies. Before joining Loral Corporation in 1981, Mr. Targoff was a partner in the New York law firm of Willkie Farr & Gallagher. Mr. Targoff holds a B.A. from Brown University and a J.D. from Columbia University School of Law.

Executive Officers

Biographical information for the executive officers of Leap who are not directors is set forth below. There are no family relationships between any director or executive officer and any other director or executive officer. Executive officers serve at the discretion of the Board of Directors and until their successors have been duly elected and qualified, unless sooner removed by the Board of Directors.

Name	Age	Position with the Company
Albin F. Moschner	52	Executive Vice President and Chief Marketing Officer
Glenn T. Umetsu	55	Executive Vice President and Chief Technical Officer
David B. Davis	39	Senior Vice President, Operations
Robert J. Irving, Jr.	49	Senior Vice President, General Counsel and Secretary
Leonard C. Stephens	48	Senior Vice President, Human Resources
Linda K. Wokoun	50	Senior Vice President, Marketing and Customer Care
Dean M. Luvisa	44	Acting Chief Financial Officer, Vice President, Finance and Treasurer
Grant A. Burton	40	Vice President, Chief Accounting Officer and Controller

Albin F. Moschner has served as our executive vice president and chief marketing officer since January 2005, having previously served as senior vice president, marketing from September 2004 to January 2005. Prior to this, Mr. Moschner was president of Verizon Card Services from December 2000 to November 2003. Prior to joining Verizon, Mr. Moschner was president and chief executive officer of OnePoint Services, Inc., a telecommunications company that he founded and that was acquired by Verizon in December 2000.

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Mr. Moschner also was a principal and the vice chairman of Diba, Inc., a development stage internet software company, and served as senior vice president of operations, a member of the board of directors and ultimately president and chief executive officer of Zenith Electronics from October 1991 to July 1996. Mr. Moschner holds a master s in electrical engineering from Syracuse University and a B.E. in electrical engineering from the City College of New York.

Glenn T. Umetsu has served as our executive vice president and chief technical officer since January 2005, having previously served as our executive vice president and chief operating officer from January 2004 to January 2005, as our senior vice president, engineering operations and launch deployment from June 2002 to January 2004, and as vice president, engineering operations and launch development from April 2000 to June 2002. From September 1996 to April 2000, Mr. Umetsu served as vice president, engineering and technical operations for Cellular One in the San Francisco Bay Area. Before Cellular One, Mr. Umetsu served in various telecommunications operations roles for 24 years with AT&T Wireless, McCaw Communications, RAM Mobile Data (now Cingular Mobile Data), Honolulu Cellular, PacTel Cellular, AT&T Advanced Mobile Phone Service, Northwestern Bell and the United States Air Force. Mr. Umetsu holds a B.A. in mathematics and economics from Brown University.

David B. Davis has served as our senior vice president, operations since July 2001, having previously served as our regional vice president, Midwest Region from March 2000 to July 2001. Before joining Leap, Mr. Davis spent six years with Cellular One, CMT Kansas/ Missouri in various management positions culminating in his role as vice president and general manager. Before Cellular One, Mr. Davis was market manager for the PacTel-McCaw joint venture. Mr. Davis holds a B.S. from the University of Central Arkansas.

Robert J. Irving, Jr. has served as our as senior vice president, general counsel and secretary since May 2003, having previously served as our vice president, legal from August 2002 to May 2003, and as our senior legal counsel from September 1998 to August 2002. Previously, Mr. Irving served as administrative counsel for Rohr, Inc., a corporation that designed and manufactured aerospace products from 1991 to 1998, and prior to that was vice president, general counsel and secretary for IRT Corporation, a corporation that designed and manufactured x-ray inspection equipment. Before joining IRT Corporation, Mr. Irving was an attorney at Gibson, Dunn & Crutcher. Mr. Irving was admitted to the California Bar Association in 1982. Mr. Irving holds a B.A. from Stanford University, an M.P.P. from The John F. Kennedy School of Government of Harvard University and a J.D. from Harvard Law School, where he graduated cum laude.

Leonard C. Stephens has served as our senior vice president, human resources since our formation in June 1998. From December 1995 to September 1998, Mr. Stephens was vice president, human resources operations for Qualcomm Incorporated. Before joining Qualcomm Incorporated, Mr. Stephens was employed by Pfizer Inc., where he served in a number of human resources positions over a 14-year career. Mr. Stephens holds a B.A. from Howard University.

Linda K. Wokoun has served as our senior vice president, marketing and customer care since June 2005. Prior to joining Cricket, Ms. Wokoun was president and chief executive officer of RiverStar Software from April 2003 to June 2005. From March 2000 to January 2002, Ms. Wokoun was chief operating officer of iPCS, a Sprint PCS affiliate. Prior to joining iPCS, Ms. Wokoun was a vice president of Ameritech Cellular. She holds a B.A. in economics and an M.B.A. from Indiana University.

Dean M. Luvisa has served as our acting chief financial officer and treasurer since February 2005, having previously served as our vice president of finance and treasurer from May 2002 to February 2005 and as our vice president of finance from September 1998 to May 2002. Prior to joining Cricket, Mr. Luvisa was director of project finance at Qualcomm Incorporated, where he was responsible for Qualcomm s vendor financing activities worldwide. Before Qualcomm, he was the chief financial officer of a finance company associated with Galaxy Latin America, an affiliate of DirecTV and Hughes Electronics. In other capacities at Hughes Electronics, Mr. Luvisa was responsible for project finance, vendor finance, mergers & acquisitions and corporate funding. Mr. Luvisa graduated summa cum laude from Arizona State University with a B.S. in economics, and earned an M.B.A. in finance from The Wharton School at the University of Pennsylvania.

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Grant A. Burton has served as our vice president, chief accounting officer and controller since June 2005. Prior to his employment with the Company, he served as assistant controller of PETCO Animal Supplies, Inc. He previously served as Senior Manager for PricewaterhouseCoopers, Assurance and Business Advisory Services, in San Diego from 1996 to 2004. Before joining PricewaterhouseCoopers, Mr. Burton served as acting vice president internal audit and manager merchandise accounting for DFS Group Limited from 1993 to 1996. Mr. Burton is a certified public accountant licensed in the State of California, and was a Canadian chartered accountant from 1990 to 2004. He holds a Bachelor of Commerce with Distinction from the University of Saskatchewan.

Audit Committee Financial Experts

Our Board of Directors has determined that Michael B. Targoff, Chairman of the Audit Committee, meets the definition of an audit committee financial expert, as set forth in Item 401(h)(2) of SEC Regulation S-K, and meets the NASDAQ standards of independence adopted by the SEC for membership on an audit committee.

Stockholder Nominees

Nominations of persons for election to the Board of Directors may be made at the annual meeting of stockholders by any stockholder who is entitled to vote at the meeting and who has complied with the notice procedures set forth in Article II, Section 8 of the Amended and Restated Bylaws of Leap. Generally, these procedures require stockholders to give timely notice in writing to the Secretary of Leap, including all information relating to the nominee that is required to be disclosed in solicitations of proxies for election of directors and the nominee s written consent to being named in the proxy and to serving as a director if elected. Stockholders are encouraged to review the Bylaws which are filed as an exhibit to this prospectus for a complete description of the procedures.

Executive Compensation

The following table sets forth compensation information with respect to Leap s chief executive officer and other four most highly paid executive officers for the fiscal year ended December 31, 2004, or the named executive officers. The information set forth in the following tables reflects compensation earned by the named executive officers for services they rendered to us during the 12 months ended December 31, 2004, 2003 and 2002. Harvey P. White, our former chairman of the board and chief executive officer, resigned from his position with us in June 2004. Mr. William M. Freeman, who succeeded Mr. White as chief executive officer, commenced his employment with us in May 2004 and resigned from his position with us in February 2005.

Summary Compensation Table

	Annual Compensation(1)				Long-Term Compensation	
Name and Principal Positions At Leap	**Year**	**Salary**	**Bonus**	**Other Annual Compensation(2)**	**Securities Underlying Options (#)**	**All Other Compensation(11)**
S. Douglas Hutcheson	2004	$334,816	$602,785(3	) $10,640		$22,962
Chief Executive Officer,	2003	$290,923	$159,841(4	) $22,686		$23,361
President and Director	2002	$262,692	$	$ 4,527		$21,130
Glenn T. Umetsu	2004	$311,846	$532,678(3	) $5,192		$26,028
Executive Vice President	2003	$265,385	$100,284(4	) $4,808		$28,954
and Chief Technical Officer	2002	$248,269	$129,133	$583,259(5)		$27,604
Leonard C. Stephens	2004	$284,090	$405,279(3	) $3,186		$23,160
Senior Vice President,	2003	$271,115	$136,234(4	) $24,890		$17,568
Human Resources	2002	$273,692	$	$ 7,135		$95,377

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Name and Principal Positions At Leap	Annual Compensation(1)				Long-Term Compensation	
	Year	Salary	Bonus	Other Annual Compensation(2)	Securities Underlying Options (#)	All Other Compensation(11)
David B. Davis	2004	$250,404	$378,381(3	) $13,136		$ 16,644
Senior Vice President,	2003	$240,423	$105,936(4	) $14,833		$ 11,420
Operations	2002	$233,269	$	$ 6,065		$ 17,631
Robert J. Irving, Jr.	2004	$249,731	$386,197(3	) $7,440		$ 35,775
Senior Vice President,	2003	$224,793	$ 98,087(4)	$16,601		$ 13,757
General Counsel	2002	$196,900	$	$ 965	26,000(6)	$ 33,112
and Secretary						
Harvey P. White	2004	$251,063(7)	$233,589(	7) $33,269(7)		$421,882
Former Chairman of the	2003	$498,750	$348,536(4	) $53,456		$ 52,517
Board and Chief						
Executive	2002	$732,692(8)	$	$ 1		